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ABSTRACT

This report of the Seventh Special Session at the Conference of Non-Governmental Organizations (NGOs) presents an account of the Forum on World Economic Order. Its purpose is to gain public awareness of the issues debated. The core of this report is the unique exchange of over 50 opinions which provide a compendium of ideas and judgments in the field of economic and social development and international cooperation. Issues discussed in the Forum were (1) human values in the economic order, (2) trade and commodity problems, (3) finance and monetary problems, (4) science and technology, (5) employment and industrialization, (6) food and marine resources, (7) internal development strategies, (8) global structures, and (9) shaping the future. For each issue, the report contains summaries of the experiences and wisdom of the participants, notes on the background of each issue, action taken by the Special Session, and information on where the issues will be debated next. General concerns expressed by participants focused on how to deal with the poorest sectors of the developing world and with future problems of population and environment. In conclusion, the report provides a discussion of the mood of the Special Session, review of NGO action and their future role, calendar of events, Resolution of the Special Session, a bibliography, and a list of abbreviations and terms. (ND)

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SCANNING OUR FUTURE

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A report from the NGO Forum
on the World Economic Order
organized in support
of the Seventh Special Session
of the United Nations General Assembly
on Development
and International Economic Cooperation

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SCANNING OUR FUTURE

A report from the NGO Forum on the World Economic Order in support of the Seventh Special Session of the UN General Assembly on Development and International Economic Co-operation (September 1-12, 1975)

The Forum was organized for the Conference of NGOs in Consultative Status with the UN ECOSOC

President: **Rosalind Harris**

by the Committee on the Special Session

Chairman: **Arthur Goldschmidt**

Forum Co-ordinator: **Willem P. J. Boichel**

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PREFACE

It is rare that the international community has an opportunity to participate in one of history's turning points. The Seventh Special Session of the General Assembly devoted to development and international economic cooperation may have been such an opportunity. It did not create "instant Utopia," but if the general goals agreed on there serve to stimulate genuine reform in the months ahead, it will be seen as progress toward a more equitable world economic order. Its principal effect was the spirit of co-operation that it has released—the "dramatic turnaround . . . from incendiary rhetoric and confrontation to reality and genuine negotiation." Its fourteen days of hard bargaining through negotiating groups resulted in an unanimously adopted resolution that adresses some of the major issues confronting the world. As Minister Pronk of the Netherlands said at the conclusion of the negotiation:

". . . we have spoken with each other rather than to each other. During the last two weeks a genuine dialogue between developed and developing countries took place. A spirit of conciliation has pervaded the discussions and negotiations . . . Governments, both from developing and developed countries, have shown their preparedness to start anew and have come forward with new and imaginative proposals for the improvement of the economic order . . . Thus the process of establishing a new international economic order moves forward not in a spirit of confrontation but in a spirit of awareness of a common interest in cooperation. This is the message which this Special Session will pass on to the future."

* * * * *

The resolutions of the General Assembly are advisory and not binding on governments. An essential corollary, of special relevance to the issues agreed at the Seventh Special Session, is that each element of the Resolution that was passed, to become a binding commitment, must be acted upon either in other multilateral bodies or within each government, and generally at both levels. These issues, moreover, affect most sectors of the economies of member states and involve many departments and ministries of their governments. It is therefore, a formidable task to mobilize the support—public opinion or governmental agreement—to achieve the "political will" necessary to take action on the recommendations of the Seventh Special Session. This is a challenging opportunity for non-governmental organizations concerned with the issues.

President Bouteflika of the Assembly pointed out in his closing remarks at the Special Session that the influence of the United Nations is dependent "on the support of our peoples and their faith in its mission." And in his first statement to the Second Committee of the 30th General Assembly Under-Secretary-General Van Laethem reiterated the need of the United Nations to gain public support: "It will not be able to content itself with seeking the consensus of governments. As you know, Article 71 of the Charter brought this out clearly." (Article 71 allows the Economic and Social Council to make arrangements for consultation with international and national non-governmental organizations which are concerned with matters within its competence.)

* * * * *

The Conference of Non-Governmental Organizations in Consultative Status with the Economic and Social Council pursuant to Article 71 of the Charter, organized the Forum on World Economic Order as a step in this process of gaining public awareness of the issues debated at the Seventh Special Session. It sought to draw those members of the NGO community that have been active in other issues into the field of development and economic co-operation, as well as to appeal to those NGOs concerned with economic issues that have not generally been involved with U.N. matters. The Forum passed no resolutions—indeed, the Forum reflected the pluralistic world of the non-governmental organizations where the only true consensus is that

the issues are of crucial importance to the world and that they should be considered by the General Assembly.

The Forum was organized by the NGO community. The collaboration of the UN was provided primarily through the Office of Public Information, especially the Center for Economic and Social Information (CESI), the UNDP and the Under-Secretary-General for General Assembly Affairs. The principal substantive contribution of the UN system was a briefing hour each morning organized by CESI in collaboration with the NGO Committee. These morning meetings, in addition to briefing Forum participants on the activities of the Special Session and the relevant activities of the concurrent IMF/World Bank meetings in Washington, included distinguished speakers who provided background on specific issues that the afternoon Forum meeting elaborated or who provided specific viewpoints of the groups representing both developed and developing countries.

The NGO Committee had hoped to encourage other NGO initiatives, including publishing a daily newspaper along the lines of those issued by NGOs at the World Population Conference, the World Food Conference and the World Conference of International Women's Year. It was unable to make provisions for this, but appreciated the seven issues of UNGASS, the lively commentary on the UN General Assembly Special Session edited by Andrew Hutton and published under other auspices.

* * * * *

While the general issues to be taken up at the Seventh Special Session were widely known, there was no detailed agenda in advance of the Session available to assist in planning the Forum. Moreover, the intergovernmental planners of the Special Session were concerned with narrowing its agenda to areas where agreements of governments might be reached, while the planners of the Forum were under no such constraints. This unique exchange of views and ideas among individuals from all over the world, therefore, had a broader agenda. It included concern for the poorest sectors of the developing world, and indigenous development strategies to achieve equity. It included the claims of future generations in considering the problems of population and environment. The Forum sessions on Human Values in the Economic Order, Internal Development Strategies, and Shaping the Future

gave this broader range to the Forum. Moreover, Forum speakers in other sessions took up such matters as disarmament, the resources of the sea, transnational corporations, and employment problems not specifically referred to in the Resolution passed by the Special Session, although these were often touched on in its general debate. Nevertheless, both the morning briefing sessions and the afternoon panel discussions related directly to the Special Session and the Resolution it adopted.

The core of this report is the unique exchange of opinions on changes in the economic order of the speakers and panelists themselves. These provide a provocative review of the important issues which the Seventh Special Session was called upon to consider and which will remain in the forefront of the world stage for the next few years. The contributions of the speakers and panelists have been compressed in the interest of economy; therefore the readers may not get the full richness of the experience enjoyed by those who came to this open Forum. However, the more than fifty statements provide a compendium of ideas and judgments in the field of economic and social development and international co-operation that will be useful to students and practitioners in this area for some time to come.

It should be emphasized that each of the panelists expressed his own views and not necessarily those of the organization with which he or she is associated.

* * * * *

The hopes of the planners of the Forum to attract the widest possible participation and to provide travel grants to ensure greater representation of NGOs from developing countries could not be realized with the time and funds available. Nevertheless, more than 500 registered participants representing 165 NGOs provided an active and attentive audience. Moreover, it is hoped that the usefulness of the Forum can be widely extended through the publication of this report. It should enable Forum participants and their colleagues in NGOs all over the world to work towards the implementation of the agreements reached at the Special Session. The action to be taken by governments and by intergovernmental bodies will depend in large measure upon a recognition by opinion-molders and decision-makers of the wide interest of people in these issues.

It is for this purpose, rather than simply recording an interesting and historic event, that this report has been prepared.

These pages not only summarize the experiences and wisdom of the many notable speakers and panelists who gave the Forum its breadth and depth, but also includes notes on the background of each issue, the action taken by the Seventh Special Session and information on where the issues will be next debated. The culminating Resolution of the Special Session was primarily an agreement to seek agreement and has set in motion a process of study and negotiation in other places and at other times.

It is hoped that this account of the Forum, review of the Seventh Special Session, and guide to further consideration of the issues will be useful to those concerned NGOs that wish to help further the cause of world development.

* * * * *

The NGO Forum on the Special Session was made possible by the voluntary work of many people and by grants from governments, non-governmental organizations and individuals.

None of the many speakers who were the basis of the success of the meetings were paid for their contribution; the NGO Committee on the Special Session gratefully acknowledges its debt to these special contributors. In addition, many volunteers helped to do much of the necessary staff work, especially Phyllis Collins who organized the registration and Katherine Manjarrez who produced the press releases on the sessions. Additional volunteers, other than the Committee itself, included Grace Holmes Barbey, William Carter, Jennifer Collins, Hansi De, Gordon Evans, Dorothy Gray, David Hunter, Violet Ifill, Hazel Johns, Philip Johnson, Helene Kadane, Louise Mumm, Nova Nestrick, Helen Plaut, Lillian Robbins, Augusta Roberts, Eleanor Roberts, William Sharpless, Eleanor Schnurr and Sarah Soji.

The non-governmental organizations which contributed services to the Forum include the Carnegie Endowment for International Peace which, among other services, provided the space for the Forum offices, the Society for International Development and the United Nations Association of the USA.

The major financial contribution was from the Government of the Netherlands which, in addition to funds, gave real encouragement to this NGO activity. The Government of Sweden and the Charles F. Kettering Foundation contributed generously to the Forum. Contributions were also made by United Church Board for World Ministeries; United Presbyterian Church in the

USA; Lutheran Church in America; Presbyterian Church in the US; Catholic Conference; Board of Global Ministeries of the United Methodist Church; Mr. Edward Lamb; and other non-governmental organizations and individuals.

Finally, the Committee's staff, established for the Forum, worked long days under difficult circumstances to put together the programme. The knowledge and drive of Coordinator Willem P. J. Boichel was a principal key to the success of the Forum. The Committee also acknowledges its debt to Lynda Spielman and Anne Bolduan for their magnificent contribution to the smooth functioning of the Forum sessions. These proceedings were made possible by the dilligent work of the Rapporteurs, Lawrence Axelrod, James Berson, Phyllis Craig, Robert MacMillan and Robert Vambery and the editorial assistance of Angus Archer. We also wish to acknowledge the excellent typing help of Melba Warbasse, Margaret Stark and David Rambo.

The Committee is grateful to all of these contributors to this unique project of the NGO community at the United Nations.

The Committee on the Special Session of the Conference of NGOs in Consultative Status with the UN ECOSOC

Arthur Goldschmidt, Chairman.

Robert Brown, Richard Fagley,
Rosalind Harris, Barret Hollister,
Mildred Jones, Donald Keys,
Leon Marion, Charles W. Maynes.

I

INTRODUCTION

The Role of NGOs

Ever since the Stockholm Conference on the Environment (1971) there has not been a "special event" of the United Nations in the economic or social sphere without a major and significant parallel activity of the non-governmental organizations. At Stockholm (Environment) it was a Forum, at Bucharest (Population) a Tribune, at Rome (Food) a Forum for scientists and a series of integrated actions by NGOs, at Mexico City (Women) a Tribune. Even at more specialized UN meetings such as the Law of the Sea Conferences (Caracas and Geneva) and the Crime Conference (Geneva) specialized NGOs were there in force interacting with governments and contributing to the conference process.

Not only has the UN played a more important role in recent years in providing a platform for consideration of the economic and social problems besetting the world, but also NGOs, that strange collection of peoples' organizations that vary from professional societies to mass membership movements to voluntary associations, have taken a more knowledgeable and systematic interest in these problems. These problems, in fact, require a degree of domestic consensus, particularly in developed countries, for which the NGOs, over a long term, can muster support. NGOs want and need to be where the action is. And their role is not simply as observers (important as their "monitoring" function is) but also as actors in the drama, contributing their ideas and their research as well as mobilizing the support of their growing constituencies. Noteworthy also is the increasing representation of these NGOs, acting for people in developing as well as developed countries, Eastern as well as Western nations.

It is no surprise therefore that some significant NGO activity was planned around the Seventh Special Session of the General Assembly September 1-12, 1975, dealing with economic development. While the government delegates participated in the Special Session plenary in the high-domed General Assembly Hall and in the ad-hoc working group behind closed doors in the UN basement, the NGOs conducted a Forum on World Economic Order in the Auditorium of the Dag Hammarskjold Library a few yards away, and threw the Forum open to NGO representatives, official delegates, UN staff and other interested persons.

The Forum attracted a large number of high calibre authorities on the various subjects of the Seventh Special Session. The reproduction of the dialogue or multilogue during those twelve days is the essence of this report.

The impact of NGOs at UN special events is always difficult to gauge. During the Special Session there was little chance for interaction with delegates except in the corridors, after hours at Mission offices, and at the coffee breaks. There was certainly no opportunity for direct interventions in the debates, either in plenary or in the negotiating sessions as there was, for example, at the Rome Food Conference, because no provision is made, as yet, for NGO participation in the meetings of the UN General Assembly. However, there is no doubt that some of the ideas and viewpoints expressed at the Forum filtered back to the Special Session, albeit sometimes by osmosis, and that many of the things which Forum participants had written on earlier occasions were often included in delegation positions. Probably of greatest importance is the fact that some 500 Forum participants (NGO representatives) will feed back to their constituencies a better understanding of these complex issues and will urge national-level action to ensure implementation of the Special Session Resolution.

In Chapter XII, the closing chapter of this report, attention is paid to the follow up role of NGOs. It is relevant here to quote from the remarks of two key persons at the opening of the Forum. *Gabriel Van Laethem*, the recently appointed UN Under-Secretary-General for Economic and Social Affairs welcomed the participants:

"I am very pleased but not surprised that you have succeeded in securing the impressive participation of renowned speakers in these unofficial debates. This should indeed be hailed as a clear confirmation of the wide interest aroused by the problems under discussion and as a timely recognition of the major role the non-

governmental organizations are, whenever called for, ready to assume in support of the official activities taking place within the United Nations.

"I personally feel strongly that NGOs can and should play a much more significant role in many ways and that the challenge is now before your Committee and each one of your organizations to respond to this opportunity.

"No one can deny that on such complex and far-reaching issues as those presently under discussion, your contribution to the official debates, originating as it does from a wide range of specialists and professionals of highly diversified origins, should prove beneficial. No one could deny either that, once official agreements are reached on any of the subjects listed on the agenda of the Special Session, the strong and constant support of public opinion will be essential to ensure significant follow-up to the decisions arrived at. Your organizations can and should be of considerable help in securing such support.

"I am confident that through a constructive contribution at this stage, your Forum shall clearly demonstrate its usefulness and thus induce governments and international organizations alike to evolve adequate procedures for a fruitful co-operation along the long road in front of us."

The Forum also heard from the Chairman of the NGO Committee on the Special Session, *Arthur Goldschmidt*, the representative of the Society for International Development at the UN, for eighteen years a senior official in UN development programmes, former U.S. Ambassador to ECOSOC, and now Chairman of the Development Committee of the Conference of NGOs in Consultative Status with ECOSOC, the Forum's sponsors:

"This Forum is intended to provide a market place for ideas and opinions. The Conference of NGOs and the Committee planning the Forum are in full agreement on only one aspect of the Forum programme: namely that the issues before the Seventh Special Session are of crucial importance to the future of the world. This agreement reinforces the principal purpose of the NGO Conference which is our support of the United Nations.

"In planning this market place of ideas we were well aware of the differences that divide delegations and indeed members of the NGO community as to the resolution of some of the issues before the Seventh Special Session—and we have sought to provide in the speakers and panelists a balance of points of view. We assume

that if we have failed in this balance, the open discussions hoped for in our sessions will fill the gaps. For one of the great strengths of the NGO community is its diversity."

Background of the Special Session

The economic and social development problems of the world are often restated and, by now, generally well-known. One out of three inhabitants of this planet is malnourished, often chronically enough in infancy to cause permanent brain damage. One out of four who is able and wants work is unemployed. The difference between the size of per-capita income, the length of life expectancy, and the quality of life of a person who happens to be born in a poor country of Asia and a rich country of Europe, is shocking, and is widening every year.

The Seventh Special Session was not the first and will not be the last major world conference to face these problems. But it was destined to break new ground in that it was the first meeting where the developing countries, with some new-found strength of resolve, were united as never before in one common belief that the existing *system* of economic relations must and can be changed.

The Sixth Special Session (April 1974) was convened on short notice at the request of Algeria to discuss the question of raw materials and development. At the conclusion of the Session a Declaration and a Programme of Action for a New International Economic Order was agreed upon. Details of the NIEO are given later in this report. Basically, it holds that each state is entitled to exercise effective control over its natural resources and their exploitation. It deals with the transfer of technology, the role of transnational corporations, trade and commodity agreements, the international monetary system, industrialization, and a special programme of emergency measures to mitigate the developing countries most seriously affected by the economic crises.

Later in 1974 (December 12) a Charter of Economic Rights and Duties of States was adopted by the UN General Assembly. The Charter is based on 15 fundamentals of international economic relations, and it enunciates the sovereign rights of every State to choose its own economic system and to exercise its full permanent sovereignty over "all its wealth, natural resources and economic activities."

Thus, talk of a New International Economic Order permeated the air during the months before the Special Session. And while

the ingredients of such a new order may not be all that new (see Muchkund Dubey's presentation in this chapter), there was general agreement that radical changes were necessary, that this time resolution of such changes needed to be followed by implementation, and that consultation rather than confrontation was the way to achieve them. By September 1, 1975, the mood around UN headquarters in New York was one of tense anticipation.

Much flurry went into the preparations for the Seventh Special Session. There were three preparatory committee meetings at the UN (March, June and August 1975) which dealt primarily with procedural questions. The first agenda for the Session was not agreed upon until the opening of the Session itself. The developing countries took several opportunities to confer on their position. They met in Dakar in early 1975 (producing the Dakar Declaration), they agreed on a broad common strategy at the UNIDO Conference on Industrialization in March 1975 in Lima, Peru (the Lima Declaration) and they met again in Lima in August, just before the Special Session to consolidate their stand. (Philippe de Seynes, in his Briefing presentation to follow, outlines the joint action which the non-aligned countries took at this second meeting in Lima.) The Commonwealth countries (most of them developing) met in Kingston, Jamaica, in May and again in Georgetown, Guyana, in August to draft their position. And the traditional donor countries, the OECD members, met in Paris in June/July 1975 to share their views on all of the issues likely to come before the Special Session.

Early in the first week of its proceedings the Forum heard from three UN sources about the origins of the Special Session. They provide three interesting and interwoven background tapestries for the picture which is about to unfold.

The first excerpt is from the welcoming address by *Gabriel Van Laethem*, quoted earlier in connection with the role of NGOs.

GABRIEL VAN LAETHEM

Gabriel Van Laethem has been UN Under-Secretary-General for Economic and Social Affairs since January, 1975. A national of France, he was educated at Ecole Supèrieure de Commerce et de l'Industrie, Lille, and the London School of Economics. He held numerous posts in the French Foreign Service, most recently Ambassador to Australia, before joining the UN.

The decision to hold the Special Session was made by the General Assembly in December 1973. The Session was intended first of all to take stock of international actions and their results with regard to world development and international economic co-operation since the establishment of the United Nations, thirty years earlier. Secondly, as the Assembly itself has put it, the Session was designed to expand "the dimensions and concepts of world economic and developmental co-operation" and to give "the goal of development its rightful place in the United Nations system and on the international stage."

When the General Assembly took that decision in December 1973, there was no inkling that another special session of the Assembly would be convened prior to the Special Session of 1975 on development and international economic co-operation. Yet, it was in 1973 that the world economy began as you remember to experience the upsurge of new forces which have been exerting a powerful impact on the world economy. The prices of a number of primary commodities, notably cereals, began to rise sharply around the middle of 1973 and, of course, in the last quarter of that year the price of petroleum began its upward climb.

As a result of what amounted to a crucial world situation, the General Assembly decided to hold a special session last year which was devoted to an examination of problems of raw materials and development. It resulted, as is well-known to all of you, in the adoption of a Declaration and a Programme of Action on the Establishment of a New International Economic Order. The decisions taken by the Assembly marked the opening of a new chapter in the evolution of international development policy.

Since its inception, the Organization has striven to seek new avenues of action to speed up the progress of the developing countries. In this respect, the concept of the Development Decade has been a landmark. The concept was designed to serve as a focus for harmonising national and international action for accelerated development. The flame originally lit in 1961 in proclaiming the First United Nations Development Decade was rekindled manifold in 1970 when the General Assembly adopted the International Development Strategy for the Second United Nations Development Decade.

The Programme of Action has not replaced the Strategy but has carried the evolution of international development policy a stage further; when the events of 1973 and 1974 generated a new challenge, the world community decided to respond in a concerted manner through this new vehicle.

The time has now come to examine, in a more accurate and concrete way, how to implement these principles of action which are, broadly speaking, to provide increasing opportunities to all people for a better life.

It is a long and difficult road on which we are engaged. This, we are all aware of. No substantial success can be expected without a considerable amount of work and goodwill throughout the world. Eagerness and generosity, clarity and realism will be equally needed.

As the United Nations involvement in the economic field increases—and this has happened with dramatic speed—it becomes evident that the International Organization can, less than ever, afford to be cut off from any major aspect of the world at large. Its authority shall henceforth increasingly rest upon a thorough knowledge of the complex, rapidly evolving, and often conflicting aspects of the economic picture throughout the world. Its effectiveness shall likewise increasingly depend upon closer cooperation with the many different groups whose daily actions and reactions, particularly in such fields as transfers of resources and technology, will, in the final analysis, largely determine the reality of the work carried out in official forums.

The chain of persuasion that we all have to keep in mind stretches from the delegations that sit around our conference tables through the ministries, the cabinets, the parliaments to the people who form their constituencies: poor people and rich people, workers, consumers, taxpayers and the unemployed.

The next presentation, considerably abridged, is by Philippe de Seynes, Van Laethem's predecessor and head of the UN's economic policy planning for many years. He takes a slightly longer backward glance and places the Special Session in the perspective of a series of negotiations and "special events" beginning with UNCTAD I in 1964. In his view the Special Session occurs at a time, historically speaking, of a "negotiation explosion", a term which might incidentally be added to the development lexicon from this NGO Forum!

PHILIPPE DE SEYNES

Phillipe de Seynes was head of the UN Department of Economic and Social Affairs from 1955 to 1974 and was a key figure in the International Development Strategy, the Sixth Special Session, and preparation for the Seventh. Since his retirement as Under-Secretary-General for Economic and Social Affairs at the end of 1974 he is a Senior Fellow with UNITAR, (UN Institute for Training and Research). A national of France, he was educated at the University of Paris. He held several posts with the French Government before joining the UN in 1955.

The Seventh Special Session can be considered as a "special event," one in a series of events that began with the UNCTAD meeting in 1964 and continued in recent years with the Stockholm, Rome, Bucharest and Mexico City conferences. What is it that characterizes these special events? First, they have had an extensive period of preparation such as preliminary meetings which help in building momentum around the event. The reports and documents of these meetings have also added to the richness of the events. Second, they are encouraging participation in the form of Forums or Tribunes such as this one. If one hopes to change the value systems this cannot be done in a bureaucratic way, it has to be done with the widest possible participation.

Within the context of the Special Session, there has been an acceleration in recent years in the perception of the problems, or the "problemmatique" of humanity today. One of the lessons of this more acute perception is that the progress of the last 15-20 years is overshadowed by a sense of stagnation, regression and failure to reach certain objectives. This has come about largely through the constant repetition of the discussions, for we have been in a situation of unfinished business. Also, there is the emergence of problems which are felt to be planetary, requiring some global action and which are seen as "crises" problems. These have led people not previously interested in the UN to recognize the UN as the sole international organization capable of dealing with such global problems. Finally, and most important, there has been the OPEC strategy which must be understood in the context of the declared solidarity of the OPEC countries with the Third World. This has been a "transforming event" in that it has led to a redistribution of world economic power.

As a result, we are now in a situation where there is a greater disposition to co-operate than previously and thus there is hope for a real advance in the agreement over the implementation of important measures. This disposition is also being evidenced in other organizations such as the IMF and the World Bank, but the UN is the more universal and democratic organization, and the one which is indispensable for deliberating with the Socialist world of Eastern Europe.

Another result is that interdependence is really felt now as a reality and not as a slogan. We can rely not just on moral suasion but on global bargaining. Moreover, a pool of capital has emerged which if properly managed could be channeled in the desirable direction for development.

How is this going to unfold within the next two weeks? There is a deliberation function which is embodied in the general debate in the General Assembly (the plenary). This is not merely a ritual inherent in the drama, but is a necessity for the progress of the conceptualization function of the UN. It produces a mine of information on where the different governments stand.

Of course, one expects negotiation to be the more important aspect of the event. There is a special problem in the negotiation that is to occur inasmuch as there is a real "negotiation explosion" emerging from the inspiration of the moment, deriving, for example, from the World Bank deliberations. There is a real problem of co-ordinating these negotiations as guidelines for future use in other deliberations.

One can expect the content of the negotiations in the Special Session to include the following items.

1. The problem of commodities, of raw materials and development. This includes the UNCTAD plan and the income stabilization scheme of the Lomé Convention.

2. The problem of food. The World Food Conference in Rome put together a series of resolutions and mechanisms to bring the UN closer to something like central management of the problem. These include the World Food Council, the International Fund for Agricultural Development as well as short-term measures.

3. Access to markets, which is a perennial problem, for commodities and manufactured goods of the developing countries.

4. The question of re-evaluating part of the IMF's gold which is a new formula for creating the link between liquidity and development.

5. Changes in the decision-making mechanisms of international organizations as a real expression of change in the distribution of economic power.

6. The need for strong concerted action of the rich governments for economic expansion. This means real encouragement for "concerted action", not in the sense of similar action, but for a package of measures taken by national governments that would be complementary.

The non-aligned countries at their meeting in Lima decided to emphasize solidarity or collective self-reliance, by beginning implementation on three measures: 1) the creation of a Solidarity Fund for economic and social development based on equal contributions of SDRs by all members, including some voluntary contributions, 2) the creation of a fund to finance buffer stocks, and 3) a resolution to establish a council or association of developing countries which produce and export raw materials. These decisions indicate that thirty years after the developed countries came together in OECD, the developing countries are now implementing plans with their own resources to accompany the process of equilibration.

The mood of the Special Session is extremely important; as a "launching event" in a series of events it must be taken very seriously. Hopefully this mood will have an impact on the activities of OPEC in their forthcoming meeting and the many other meetings to take place in the months to come.

The final viewpoint, and a rather more detailed one, on the nature of the origins of the Special Session is provided by Muchkund Dubey, an Indian and a senior official of UNDP. Before joining the UN, Mr. Dubey worked with his delegation on the formulation of the International Development Strategy. He gives a valuable summary of the Strategy and some interesting comments on the comparison of the Strategy with the Declaration on a New International Economic Order. Taken together, the Strategy and the NIEO Declaration serve as backgrounders for the Seventh Special Session.

MUCHKUND DUBEY

Muchkund Dubey has been Principal Officer, Programme Policy Division of UNDP since 1973. A national of India, he was educated at Patna University, the Indian School of International Studies, Oxford, and New York University. He held various positions in the Indian Government before joining the UN in 1971.

I shall try to trace the development of certain important ideas of international economic co-operation from the time of the adoption in 1970 of the International Development Strategy to the current Special Session of the General Assembly. During this period a number of changes of far-reaching nature have taken place in the world economy and in international economic relations. The beginning of the decade of the 70s saw the collapse of the international monetary system. Though the system has attained an equilibrium of a sort, solutions to problems involved in reverting to a managed international monetary system are still eluding us. The uninterrupted economic growth of the Western countries which was the most remarkable feature of the two decades following the Second World War, came to a virtual end in the beginning of the 70s. Most of the industrialized economies have in recent years been going through a period of recession accompanied by a two-digit inflation. Finally, the sudden spurt in the oil prices of 1974 aggravated many of these problems and dealt a particularly severe blow on the already vulnerable economies of what has now come to be known as the "Most Seriously Affected" countries.

Partly because of these developments the international climate for helping the poorer countries became more adverse. In fact, a number of retrogressive steps were taken by developed countries in many areas involving assistance to developing countries.

The International Development Strategy adopted in 1970 had conceptually many striking features. It was a close approximation

to international development planning in that it included goals and an objective for an overall improvement in the situation of the poorer countries, a series of other quantitative objectives derived from this over-all objective and consistent with each other and a set of measures to attain these goals and objectives. It was also a very comprehensive document in that, for the first time, it included objectives in the social field for eradication of mass poverty, for combating unemployment, for achieving greater equality in income distribution and for assisting the under-privileged and vulnerable sections of the society. The measures included in the Strategy were derived logically from the goals and objectives. The goals and objectives as well as the measures were specified in sufficient detail in quantitative terms and with a time-bound framework so as to provide a frame of reference for accountability in their implementation.

The Strategy embodied the highest degree of commitment ever reflected in any document of this nature adopted before or since 1970. When one talks of commitment in the context of UN resolutions, one does not refer to commitment in an absolute or legal sense; one mainly deals with the concept of moral commitment and with the degree of such moral commitments. The Strategy reflects the highest degree of such commitments not only because of the terms in which the obligations have been assumed (such as "Governments shall . . ."), but also because of the frame of accountability in terms of quantitative goals and objectives and time-bound measures provided in it and the fact that the measures follow logically from the goals and objectives. This is brought out clearly in paragraph 12 of the Strategy where it is stated that Governments "subscribe to the goals and objectives of the decade and resolve to take the measures to translate them into reality."

The importance of the Sixth Special Session of the United Nations General Assembly held in 1974 derives from its political origin. This constituted both the weakness and strength of the document on the New International Economic Order adopted by the Sixth Special Session. The Sixth Special Session was called mainly as a protest against the accusation that the sudden and sharp increase in the oil price alone was responsible for the world economic crisis which had allegedly threatened the post-war world economic order. The Session was an attempt to assert that what was at stake was not the preservation of the present world economic order, which the developing countries assiduously but unsuccessfully tried to transform during the last 25 years, but the establishment of a New International Economic Order.

The New International Economic Order proclaimed by the Sixth Special Session is not a new concept. All along it has been one of the ultimate objectives of international development co-operation. It was the rallying theme of the first UNCTAD a decade

ago. The very first sentence of the Declaration of the Group of 77 adopted at the end of the first UNCTAD stated that "the Conference was a significant step towards creating a new and just world economic order."

With a few exceptions, the main components of the Declaration on a New International Economic Order are the same as those embodied in earlier documents. Moreover, the document is generally deficient in logic of its content and clarity and precision of its ideas. In most cases, neither the general content nor the method of implementation of the recommendations is specified. This detracts considerably from its operational significance. Unlike the Strategy, the document is also extremely weak in the nature of commitments implied in it. There is the overwhelming qualification: "all efforts should be made." There is no over-all framework of precisely defined and quantified goals and objectives nor a frame of accountability in terms of time-bound targets for measuring progress in implementation.

Going by the substantive content and the degree of commitment, the developed countries should have found the document on a New International Economic Order much more acceptable than the Strategy. If, in spite of its deficiencies, the document on a New International Economic Order became controversial, it was mainly because of its political origin. The controversial aspects were those which had political overtones such as: the right to nationalize; sovereignty over natural resources; facilitating the functioning of producers' associations, etc. Another reason why this document could not find wider acceptance among developed countries was that it was adopted at a time when developing countries were seen in a position to be able to force the implementation of at least some of the measures adopted in the past but never implemented. It is a sad commentary on the state of international development co-operation that developed countries should be prepared to accept greater obligations and more rigorous commitments so long as they are sure that these would get diluted in the process of implementation, but should strenuously object to less rigorous commitments simply because there is some possibility of their being implemented.

The most important achievement of the Sixth Special Session was its adoption of the Special Programme of Emergency Assistance to Most Seriously Affected countries. Emergency assistance does not constitute a new feature of the activities of the UN system. It has been provided on numerous occasions in the past and there is now even a co-ordinating machinery for it. However, the context and the manner in which emergency assistance is provided in the document on a New International Economic Order puts it on a very different footing. Emergency assistance under the Special Programme differs from emergency operations earlier carried out by the UN in that: (a) it is of a relatively longer duration, lasting till

the end of the decade; (b) it is not in response to natural or man-made disasters but to counter the configuration of world economic forces; (c) it is not ad-hoc but constitutes an integral part of an over-all effort to transform the world economic order; and (d) these are the only measures in the document which are detailed, specific and within a time-bound framework. The emergency assistance idea will be one of the important subjects for decision at the Seventh Special Session. It is included in the proposals advanced by the developing countries and is also the main theme of a separate proposal of the Government of the Netherlands.

The decision to call the Seventh Special Session of the General Assembly pre-dates the convening of the Sixth Special Session. The suggestion for the Sixth was made in a meeting of the non-aligned countries because of some adverse trends and developments of a traumatic nature in the early 70s which threatened to frustrate the development efforts of the developing countries.

The Sixth Special Session generated a number of ideas which are going to loom large at the current session. Among these are: an over-all integrated programme for commodities, encouragement of producers' alliances, and putting the flow of financial resources to developing countries on an automatic basis. There is hardly anything new in most of these ideas. The various elements of these proposals have been under discussion for the last 15 to 20 years and the problems encountered in an attempt to reach agreement on them are well known.

Take, for example, the over-all integrated programme for commodities. The idea is to tackle simultaneously the problems of 18 to 20 primary commodities of export interest to developing countries, apply a common set of principles and objectives to these commodities, and make use, as appropriate, of all the possible modalities for organizing commodity markets such as buffer stock operations, contractual inter-governmental agreements for sale and purchase, compensatory financing, market sharing, diversification, etc. Most of these principles and modalities were agreed upon in the first UNCTAD, but remain to be practically applied through the conclusion of agreements on specific commodities.

Early action on international commodity stocks is regarded as the cornerstone of an integrated programme for commodities. International stocking of primary commodities has acquired a new significance recently because of the current shortage of foodgrains, fertilizers and certain raw materials. These shortages seem to be of a structural nature and are likely to continue. The era of a single or few countries holding stocks sufficient for the requirements of the international community as a whole seems now to be over. At the same time, international stocks, of adequate sizes, can be of great assistance for the stabilization of the prices of certain commodities. The reason why the buffer stock mechanism has so

far played a limited role has been the lack of resources for financing stocks; this possibility of finding new sources of financing has led to a renewed emphasis on the role of the buffer stock mechanism. A proposal has been made to create a central pool of funds to finance multi-commodity buffer stocks. The amount of resources required for the financing and stocking, in adequate quantities, of 18 commodities has been estimated by the UNCTAD Secretariat to be $10.7 million.

Another idea being pursued is that of indexation as a safeguard against the importation of inflation from developed countries and for ensuring a systematic and steady improvement in the terms of trade of developing countries. Indexation, itself, is a neutral concept connoting an index or indication of the magnitude of changes that need to be introduced in one variable in response to changes in other variables, assuming that there is a policy decision to establish such a link in pursuance of particular social or political objectives. The concept of an indirect link between the prices of primary commodities exported by developing countries and those of their imports has been accepted in the past. For example, in the First UNCTAD Conference, agreement was reached on "improving the import purchasing power of products exported by developing countries." What is now proposed is a direct link between these two prices which has not so far been accepted. However, the acceptance of such a link implies readiness to reach agreement on and to put into effect a series of commodity stabilization schemes. The past experience has shown that this is by no means an easy task.

Similarly, the legitimate desire of developing countries to co-operate among themselves in order to improve the marketing prospects and terms of trade of the primary commodities exported by them has been recognized for a long time. As early as in the early 50s, producers of coffee, sugar and cocoa, tried to co-operate among themselves in an attempt to prevent disruptions of their development plans by sudden declines in the prices of these commodities. Such initiatives were taken mostly in the wake of failures to conclude commodity agreements. Producers' alliances were also regarded as a legitimate form of international co-operation in order to pave the ground for the conclusion of commodity agreements. This has been particularly true of the negotiations for the organization of the markets of hard fibres, jute and tea.

The concept of producers' alliances, in spite of having been accepted in practice in the past, has become extremely controversial recently due to the success of the oil-producing countries in increasing petroleum prices. The fears being raised regarding producers' associations using cartel powers to fix prices arbitrarily are generally exaggerated and largely unjustified. The scope of price action by producers' associations is limited with regard to

most commodities. Besides, even if price action can be taken in relation to some commodities, the sacrifice implied for developed countries is not likely to be of any great magnitude. It should be realized also that producers' associations need not necessarily pursue price objectives; there is an immense scope for co-operation in other fields of commodity policy such as improving the share of developing countries in the transport and marketing of commodities, improving the quality of primary products, arrangements for stocking, etc.

The above and other ideas have triggered a whole series of activities, studies and research by international organizations during the last few months. Most of these ideas are also reflected in the position paper prepared by the Group of 77 as a basis for negotiation at the Seventh Special Session. The prospects of reaching agreement on some of these proposals have improved because the recent developments have strengthened the bargaining position of the developing countries and have placed at their disposal resources to implement some of these measures. This should prompt the developed countries to join.

The Seventh Special Session has a two-fold task—one of retrieval or restating the objectives agreed upon earlier but lost sight of because of the current world economic situation; and the other of making progress in certain areas on account of the new bargaining position of the developing countries and the new perspectives that recent developments have opened for co-operation among themselves.

The Forum and the Special Session

As mentioned in the Preface, the Forum tried to run parallel in terms of content—as much as possible—with the Special Session. Because the detailed agenda of the Special Session was not known in advance, and because the Forum organizers wished to present a complete and well-rounded programme in keeping with the broad interests of the NGOs, this was neither possible nor desirable all of the time.

However, seven agenda points reflected in the Resolution of the Special Session do correspond generally with seven of the nine afternoon Forum sessions. These are covered by Chapters III through IX of this booklet and correspond as follows:

Chapter	*Special Session Resolution Section*
I Introduction	
II Human Values in the New Economic Order	
III Trade and Commodity Problems (this Forum session touched only indirectly on "aid")	I International Trade
IV Finance and Monetary Problems (this Forum session touched only indirectly on "aid")	II Transfer of Real Resources for Financing the Development of Developing Countries and International Monetary Problems.
V Science and Technology	III Science and Technology
VI Employment and Industrialization (The Forum session tended to emphasize employment problems.)	IV Industrialization
VII Food and Marine Resources	V Food and Agriculture
VIII Internal Development Strategies (The Forum session covered a wider scope than the Special Session.)	VI Cooperation among Developing Countries
IX Global Structures	VII Restructuring of the Economic and Social Sections of the United National System
X Shaping the Future	
XI Mood of the Special Session	
XII NGO Next Steps	

Beginning each of these chapters (III through IX) the reader will find a few paragraphs on the background of the particular issue, usually referring to the relevant parts of the International

Development Strategy (1970) and to significant action taken since then.

The main part of each chapter is a summary of the presentation of each of the participants. When there was relevant discussion with the Forum audience, this is summarized briefly either in narrative or in question/answer form. Each chapter concludes with a summary of the relevant section of the Special Session Resolution. The text of the whole Revolution 3362 (S-VII) is reprinted as Appendix ii. A few concluding paragraphs on "next steps," i.e. where the issue will be taken next complete each chapter. Human Values in the Economic Order (Chapter II) and Shaping the Future (Chapter X) deal with subjects not specifically covered by the Special Session.

Chapter XI is an attempt to give the reader a feeling of the *mood* of the Special Session as perceived by statements made at the Forum and elsewhere by various government delegates and other observers. They made these comments at the mid-point and near the end of the conference. The "mood", as Philippe de Seynes remarked earlier in these pages, is very important to the workings of any Special Session indeed to any form of negotiation, and it was generally agreed that the mood or spirit of this Seventh Special Session was one of its extraordinary characteristics.

The final chapter (XII) is about the NGOs—what they did at the Special Session, what others said about them, and what paths they might follow from here in helping to implement the Special Session recommendations. The facts and opinions in all of the chapters of this report should help to stimulate action.

II

HUMAN VALUES IN THE ECONOMIC ORDER

As Muchkund Dubey pointed out in the previous chapter, the Declaration on the Establishment of a New International Economic Order, and indeed the whole agenda for the Seventh Special Session did not refer to the social or human aspects of development. Was this a weakness in planning?

The Special Session planners—both delegates and UN officials—would say it was not. The social imperatives are clearly laid out in the International Development Strategy which was also a background document for the Special Session. It is better, they would argue, to narrow down the focus of the Special Session itself to deal with six specific subjects of economic and structural interest, than to try to cover the whole economic, social and political spectrum as so many UN meetings do.

But the drive for change in the world economic order is motivated by the need for an improvement in the quality of human life. Therefore the Forum organizers were conscious that one session, early in their programme, should deal with this topic of human values, even if it did not relate specifically to the Special Session agenda.

The session was chaired by *Peter Henriot* of the Washington-based Center of Concern. He outlines three basic models of development—the economic model, the social model and the political model—and asks where and how human values are considered.

Mochter Lubis, an Indonesian journalist and novelist picks up on the quality of life pointing out that while the peoples of the developing world want the technology, the resources, and the economic advantages of the developed world they do not want

"human values" of alienation, competition and loneliness which seem to go with all of it.

Isaac Asimov, the prolific American author of books on science, science-fiction and our planet, follows with an interesting point of view on the limitation on human freedom in the context of overcrowding and shortage of resources.

The other three panelists speak of specific subjects which affect human values. *Georg Picht*, a Protestant theologian from West Germany, deals with disarmament. *Julia Henderson*, for many years the highest-ranking woman in the UN Secretariat and now Secretary General of the International Planned Parenthood Federation in London speaks about the role of women and the population issue. And *Appiah Pathmarajah*, a senior diplomat from Sri Lanka and now Special Assistant for the World Employment Conference of ILO refers to employment.

THE FORUM

PETER HENRIOT

Peter Henriot, S.J., has been a Staff Associate at the Center of Concern, Washington, D.C., since its founding in 1971. He was formerly Visiting Associate, Joint Center for Urban Studies of Harvard-MIT; and a member of the Political Science Department, Seattle University. He received his Ph.D. in Political Science, University of Chicago in 1967. He is the author of many articles on development, social indicators and social ethics.

Inherent in the problem of development are human value questions which are more than merely "theological" concerns, but practical political realities.

It may be beneficial therefore to look at the kinds of questions raised with regard to human values within three basic models of development.

1. *The Economic Model* **This model emphasizes the problem of capitalization necessary to move through the stages of economic growth, i.e., increase of GNP, developing modes of transportation and industrialization and the mobilization of resources. Such a model, however, often neglects basic problems of human life which are directly or indirectly consequences of economic patterns, such as income distribution, migration, the kinds of skills and jobs entailed, and the extent to which GNP per capita figures can tell us**

about the quality of life provided for people. In short, the mere increase in GNP is not necessarily synonymous with what we might call "development."

2. *The Social Model* The Second Development Decade has stressed social as well as economic goals, including those of income distribution, health care, educational opportunities and facilities, rural as well as industrial development and the quality of life. It is within this model that Robert McNamara, President of the World Bank, has expressed his concern with the poorest sector of society, the "lower 40%" of the population. Within such a development model, profound ethical and moral problems necessarily arise.

3. *The Political Model* In emphasizing the process by which growth occurs, the political development model emphasizes the problem of power relationships between rich and poor countries. The question of dependency enters such a model and places the question of trade not merely in market terms, but in terms of the power parameters in which growth takes place. Thus, for example, the question of international structures arises, i.e., the "New International Economic Order."

It is important to ask under which vision or model of development a particular nation or international programme is pursuing its goals. Within such a context, it is also important to ask on whose terms growth occurs and for whose benefit. For example, one might ask is the nation the *subject* or the *object* of development?

Value questions arise when one inspects the process by which development occurs. That process cannot involve purely political or economic concerns, but must also be predicated on questions of social justice, which involve matters of income distribution, participation in decision-making, and a number of other social issues. It is in this area that the value implications of development policy make themselves most harshly felt.

MOCHTAR LUBIS

Mochtar Lubis is a Journalist and novelist. Publisher and Editor-in-Chief of the daily newspaper Indonesia Raya, Jakarta. He is also editor of the literary magazine, HORIZON, Jakarta, and MEDIA Magazine, Hong Kong. He has written and published many books and two of his novels have been published in several languages. He was imprisoned for nine years under the late President Soekarno of Indonesia. He has written articles on developmental problems in developing societies and during the past five years has been involved particularly with environmental problems.

The quality of life within the developed nations is not an entirely enviable one, precipitating feelings of alienation, competition and loneliness. Indeed, it is hoped that Indonesia will not develop along these lines. Yet poverty alienates man as well. Hence, the contradiction resides within the need for development. These problems are faced by many of the industrialized nations. On the other hand developing countries need to modernize, but should not do so at the expense of those traditional values which in the past have sustained human survival in the developing societies. Human values here enter into the question of "development."

In many of the developing nations the role of women has been largely ignored, despite the fact that women are more productive than men, as in Indonesia where women engage in the majority of agricultural production. It is hoped that women throughout the world will continue to be aggressive in demanding their rights.

In regard to the question of technology, although technology is necessary and useful in alleviating man's burdens, it must be appropriate to the needs of the culture and society and should not be applied indiscriminately to all developing nations alike. In many of the industrialized nations, technology has assumed inordinate proportions and led to destructive patterns, the outcome of which has been that machines and profit now rule men, rather than being their tools. The participation of various companies in overthrowing governments when it appears in their interest to do so testifies to the need not to become more technological in many cases but rather more human. "Appropriate technology" should be developed, geared to the needs, conditions and resources of the developing nation.

Perhaps most importantly, it is not technological advancement, the development of weapons, or maintenance of armies that is necessary for meaningful development, but rather educating ourselves to "be more human" through the development of cultural values which will encourage awareness, beauty, and a sense of completeness on the part of all the peoples of the world. Hence, in pursuing the goal of development it must not be forgotten that the satisfaction of basic human needs involves as well the development of basic human values.

ISAAC ASIMOV

Isaac Asimov is the author of 166 books, including Earth: Our Crowded Spaceship *(UNICEF publication). Born in the USSR and naturalized a US citizen, he received a Ph.D. in Chemistry from Columbia University. He is Associate Professor of Biochemistry, School of Medicine Boston University.*

The subject of human freedom as a value has not been mentioned yet. Looking at history, human freedom has unfortunately not been considered a right in most societies. In fact, most people do not think sufficiently about their own freedom—even when it is severely limited. Moreover, human freedom has such a low priority that it is taken away in any situation where one person's freedom makes life inconvenient for other people.

What constitutes limitation on human freedom? First of all there are physical limitations of freedom. For example, men cannot choose to fly by flapping their arms. It is physically impossible.

Second, living within a society imposes certain restrictions on freedom, such as the traffic restrictions that are placed on motorists. Also within a society limits are put on freedoms of certain sectors of the population such as women, children and older people. In fact, it seems to be a phenomenon of living in societies that there persists a certain "maldistribution of freedom" even where there is a great deal of homogeniety. If all persons are of the same class and color, then we tend to remove freedom from those with long hair.

A third limitation on human freedom is the existence of "crises," such as the recent "energy crisis." When there is a crisis, people's security is threatened and they find it necessary to remove someone's freedom, even perhaps their own.

What does the analysis of the sources of limitations of human freedom suggest for the expansion of human freedom? It suggests that freedom is increased to the extent that people can do the following: 1) accept physical limitations; 2) agree to necessary restrictions like traffic regulations; and 3) reduce insecurities such as those due to crises. To do these things, it would be necessary to educate people, to remove prejudices and to employ force or the threat of force. While the last method seems almost a contradiction to the goal of freedom, an illustration would show that this is not necessarily so; if we took down all highway signs and let people drive only by this understanding of rules, there would ensue an incontrollable traffic snag to the further detriment of every driver's freedom to travel.

The problem of human freedom as it is, is a function of population density and population growth. People simply do not understand sufficiently how population density in itself encroaches on human freedom. To give a useful example, if two people live in an apartment with two bathrooms, they can agree to have free use of the bathrooms, i.e. each person can use a bathroom whenever he wants to, for however long he desires. However, if twenty people share an apartment with two bathrooms, there is automatically imposed a limitation on bathroom-use freedoms. No matter if they have a charter, fourteen points, or whatever, twenty people will just have to take turns. In a similar way, when we go out driving

our car, the more people on the road, the more restrictions become necessary. In effect, the more people you have, the more anything one does tends to affect others adversely, and so a conflict of freedom results. To give a personal example, freedom allowed to users of Central Park to play amplified music has effectively lessened my own freedom to enjoy quiet from my apartment near the park.

So as population increases, human freedom decreases—it is that simple. As population levels increase, there is less and less meaning to talk of human rights, women's rights, or demilitarization. At the limit of population density, the requirements to merely stay alive are going to push against what the earth can supply. Also as population increases indefinitely, it will become impossible to give help. For instance, the United States sells grain to feed those starving in other countries. But when the United States population rises to a level where Americans do not have enough food for themselves, we will surely see a decided lack of enthusiasm for selling grain abroad. When the decision for an individual is a choice between "does he eat or do I eat," a situation is reached where there is no chance of human justice or human freedom existing.

Looking at the relation of population density on human freedom and human values, there are the following choices: it is possible to have a sparsely settled earth with slavery and injustice, or a sparsely settled earth with justice and equality. However, it is impossible to have an overpopulated earth with justice and freedom.

In conclusion, there is no point in discussing any subsidiary problems of a world economic order unless we consider the population problem. It is sheer suicide to concentrate all discussion and all efforts on all problems but the population problem. Without solving the population problem, it is impossible to solve any other problem of human values.

GEORG PICHT

Georg Picht has been Director of the Interdisciplinary Protestant Research Institute (Forschungsstätte der Evangelischen Studiengemeinschaftfest) in Heidelberg, West Germany since 1958 and Professor of Philosophy at the Theological Faculty of the Heidelberg University since 1965. Previously a member of the German Commission for Education, his publications include: Die Deutsche Bildungskatastrophe, Die Verantwortung des Geistes, Mut zur Utopie, *and* Wahrheit—Vernunft—Verantwortung.

What values have to be adopted to give disarmament a chance? Clearly, a drastic reduction in the money spent on arms is needed. Without such reduction, the needs of the poor cannot be met. But violence, force and the drive to mutual deterrence is the norm. The threat of violence is pitted against the drive towards social justice. How can the dilemma be solved?

Three problem areas can be delineated. First, the drive towards a new world economic order. Second, the struggle to elucidate social values and ideology. Third, the course of disarmament and power relationships. Each can be separately analyzed. Yet the dynamics of their interaction is such that they must be treated together.

Human values are considered to be only a projection of the subconscious which are reflected on the ever changing mirror of human consciousness. Thus, values would be subjective phenomena, varying across all levels of man's social, political and cultural orders. Therefore, to legislate values is an absurdity. Societies cannot be expected to share a common value set. A pluralistic structure of economic, social and political conditions corresponds to a plurality of value systems.

Yet all cultures will depend for their survival on a functioning integrated world economic system. This leads to an insoluble dilemma: agreement on a generally acceptable value set is impossible given a subjective plurality of values.

Is there a way out? One can premise that all values disappear when human life ends. All values thus depend on an agreement to create a world order which will guarantee life. We will realize this when we face the catastrophe. There are global minimum values which are necessary to the survival of the species. They are cruelly objective. To serve them, we need an efficient process of global burden-sharing, supranational administration of the production and distribution of food as well as mineral and energy resources, a supranational authority to control global pollution, and a system of disarmament and arms control efficient enough to ensure the technical impossibility of war.

Now, consider disarmament. The current discourse is dominated by technocrats. When we ask how disarmament is related to a new, just, secure world economic order, no answer is forthcoming. The technocrats do not understand the interaction between arms production, economic equity and human values. Arms production is embedded in political structures which in turn are embedded in social value structures.

The world is divided into nationalistic moieties according to a pre-industrial agricultural pattern, and characterized by political autarchy. Since any new world economic order presupposes a new political order as well, the present intolerable situation needs rear-

rangement. One approach to solving the irrationality of the present structures is to lay open the prejudices inherent in them.

After all, the present irrational structures can be maintained only by force of arms, which production would be better directed to serving the needs of the hungering millions. No country can presume any more to be master of its own destiny or to guarantee the national security or the minimum needs for its people. Political unrest is the answer. But our interdependent world leaves us no room for revolution. Every outbreak of violence is related to the struggle between superpowers and may lead to a nuclear war.

To summarize, all values disappear if life is destroyed. Yet the political structure of our planet is anachronistic, and is forcing a destructive process. These structures do not include the means for the maintenance of minimum values. We need now a sober and stern analysis of the conditions necessary for the maintenance of life. Arms production of any sort is imcompatable with this goal.

JULIA HENDERSON

Julia Henderson is Secretary General of the International Planned Parenthood Federation; A member of UN Secretariat from 1946 to 1971 she served as Director of Bureau of Social Affairs and Associate Commissioner for Technical Assistance. She holds a Ph.D. degree in political science and economics and honorary degrees in law, humane letters and humanities. She is active in civic, educational and church affairs at both local and international levels and is author of numerous articles on social development and population questions.

Although many speeches of governmental representatives at the World Conferences in Bucharest, Rome and Mexico City cite social justice as the proper goal of the international community, the documents before the Special Session of the General Assembly have shown an apparent lack of concern with social issues. Two of these are the role of women in development and the population issue. These documents, which seem to be written by men for men, do not sufficiently come to grips with women's problems. There is a dearth of women in decision-making positions on economic matters, both at national and international levels. There is a tendency to ascribe an essentially domestic orientation to women with the result that they are excluded from providing input on macroeconomic questions.

Two areas considered here as "micro-questions" can be pointed out. Women are important food producers. In fact, more food is produced by women than by men in the developing coun-

tries. Furthermore, the discussion revolving around the energy crisis ignores the fact that human energy is the predominant energy resource in the developing countries. For example, energy consumption is involved in such endeavors as water gathering and dung collection.

Women can be agents of change. Farm wives are often willing to run risks which their husbands are not. They are, for example, more willing to accept new agricultural technology. But this domestic influence must be superseded by more substantive power. Women must demand a higher level of participation in decisions which affect their welfare.

The second area intimately related to human values is that complex of issues related to "population." International immigration flows have tremendous disruptive effects on human life. Internal migration, as well, presents serious problems. For example, in Bombay, India, the city contains one million migrants, and two million homeless persons. Thus, we must pay great attention to population transfers as well as technology transfers. In all circumstances, every family has the right to determine the number and spacing of its children. Family planning is declared a basic human right by a series of UN Conferences from Teheran in 1968 to Bucharest in 1974, but it finds no place when men begin to talk of "serious" economic questions. The fact that more than three-quarters of men and women are effectively deprived of information and services to achieve this right may in fact become the Achilles heel of the New International Economic Order.

The United Nations' segregated approach to problem-solving should now be replaced by an integrated approach. The separate treatment of economic, social and political problems is ineffective; after all the poor masses in the developing countries do not distinguish their problems in this manner. For the past twenty years, some of us have been proposing a reorganization of General Assembly committees to include a Development Committee which would have a fully integrated approach. Expansion of the role of women in the United Nations is also needed. Women should not be relegated only to committees on human rights and social problems.

APPIAH PATHMARAJAH

Appiah Pathmarajah is Special Assistant for the World Employment Conference in the ILO. A former Sri Lanka career diplomat he was last posted as Sri Lankan Ambassador to the United Nations Office in Geneva. He has been Chairman of the Group 77 in Geneva, Chairman of the Ad Hoc Committee on the Long Range Strategy for UNIDO and Spokesman for the Group of 77 in UNCTAD, UNIDO and UNEP.

Consider the following facts: in the early 1970's 300 million people are inadequately employed in productive effort; 550 to 700 million people live in abject poverty (less than $75 per annum); 500 million are chronically hungry; and 1,500 million are illiterate. These numbers have risen in absolute terms over the past twenty years.

Between now and the year 2000, the world economic order must provide employment opportunities for an additional one billion people. In short, making opportunities for jobs should be the entire focus of this discussion. Human values are expressed through productive and self-fulfilling work. Employment is not a means to an end, but also an end in itself. The urgent need, then, is to give concrete expression to human values by creating a world economic order which will employ these arrivals to the labour force.

The United Nations has not given attention to this problem either at this or at previous sessions of the General Assembly. Labour is not a commodity. It is the very instrument by which normative aspirations of every person are expressed.

The ILO is preparing for an international meeting in Geneva next year (1976). The issues to be discussed are: national strategies of job creation; adjustment assistance; international migration; the employment responsibilities of transnational corporations; and appropriate technology. This meeting is being convened in the hope of contributing guidelines for a more equitable world-wide division of labour consistent with the benefits realizable from free trade and movement of resources. The process will take a long time, but it must begin now.

Such an ultimate rational equitable international division of labour will be the new economic order and if the aspirations of all human beings are recognised, social and economic justice will be ensured through a better income distribution within and between states. A resolute attempt must therefore begin now to create more employment opportunities to give human beings their full value.

QUESTIONS AND DISCUSSION

After the panel presentation there was a period of about an hour of discussion each afternoon with the audience of approximately two hundred NGO representatives, delegates to the Special Session and UN staff. The following is a précis of some of the main points raised in this discussion period, which give some ideas of the concerns of the audience.

Q. There is a value to work, yet much work is provided by the manufacture of armaments. How can this dilemma be resolved?
Picht: There are such demands for the fruits of productive output that arms production can be redirected easily.

Q. Where and when can disarmament begin, as a practical matter?
Picht: Disarmament will begin when the world situation deteriorates to such a point that the politicians will have no other alternative but to disarm.

Q. If the new world economic order is realized, what does this mean for armaments, population, freedom?
Asimov: Any move in the direction of the new world economic order is a move in the direction of survival.

Q. Does the UN Charter contain an integrated set of social values which will enable the organization to meet the issues of the day? If not, must the Charter be revised?
Picht: The Charter is wanting in that it does not include ecological considerations in the broadest sense. In my view the Charter should be revised to correct this lack.
Henriot: Also, at the time the Charter was agreed upon, the questions of economic development and the "North-South" conflict as we know them today were not at issue. These issues should be reflected in a revised Charter.

Q. The new economic order seems to include a new male hierarchy. What should be done now to insure equal involvement of women?
Henderson: More emphasis must be given to the question of social progress for women. This would emphasize explicit attention being paid to the question of women's rights as well as to the more tactical issues of women's education and greater representation of women in decision-making positions in governmental and non-governmental organizations.
Henriot: Women are coming to realize that economic development is truly a woman's issue. The new economic order must include women in a new structure of social justice.

Q. What values can women bring to the new economic order?
Lubis: Women can "civilize" men.
Henderson: We must be careful to note, however, that there is no

evidence to suggest that women in power behave any differently than men in power.
Asimov: The notion that women represent a civilizing influence is a male chauvinist position. Women are neither better nor worse than men.

Q. By what techniques can the non-governmental organizations pressure delegates to the UN to deal with issues of NGO concern more substantively?
Pathmarajah: Through recourse to the influence of mass media, by reference to the example of NGO's at the UN International Women's Year Conference in Mexico City where there was a large-scale NGO Tribune, through letters and communiques directed to the various missions and to the UN, and by adopting joint NGO resolutions for presentation at the General Assembly.

Q. If freedom is the first human value to go in the crunch, perhaps it is not a basic value. Should we not consider survival as the basic value?
Asimov: Freedom is a *desirable condition*. It is available only in so far as people feel secure and where individual choice is possible. Thus survival is a precondition to freedom.

Q. If overpopulation is the most pressing world problem, who decides who lives or dies?
Asimov: There are two ways to limit population: raise the death rate or decrease the birth rate. If the latter course is taken, the question is not operable.

ACTION OF THE SPECIAL SESSION AND NEXT STEPS

As mentioned earlier, the Special Session did not deal specifically with the social or "human values" aspects of the development question other than in a preambular reference in the first part of the Resolution. However it is relevant and interesting to note a part of the introductory speech of the Under-Secretary-General for Economic and Social Affairs, Mr. Gabriel Van Laethem, to the opening session of the Second Committee (Economic) of the General Assembly on September 23, 1975. This Committee is charged with the implementation of much of the Special Session's Resolution.

"Mr. President, I wish to conclude with one last thought. In the task which we are about to undertake it is essential that reflection on the means to be used and the attention given to structures and procedures, whether they concern us directly or whether they touch upon economic reform, should not divert us from what is the essence of our task and its *raison d'etre*—I am referring to man. Man must be both our inspiring force and our ally.

"Man must be our inspiration in our reflections on the future. It is man who will inhabit this world which we seek to build, and it must meet his expectations—his expectation of life less fraught with threats, a life of greater justice and fraternity, his expectations of a life free from poverty, anxiety and ignorance. As we embark on our enterprise, let us bear in mind those fundamental requirements to which the new President of our Assembly drew attention in his statement at the opening of the Thirtieth Session: 'All these activities . . . are . . . linked with the essential objectives which is . . . to enable the inhabitants of this world to live better, in greater dignity and in greater freedom.'

"All our efforts must be directed precisely toward reconciling the discipline called for by the new economic order with this ideal of freedom which it postulates.

"Let us put our trust in man. Let us remember that in this long and difficult undertaking he will be our surest ally. Let us apply ourselves to knowing him better, to making him more than the somewhat unreal subject of our discussions; the living subject-matter of our research and our action.

"Let us consider man in all his dimensions: as citizen, as consumer, as worker and as producer. Let us not forget that in economic reasoning he remains the prime instrument of production and that his motivations as a producer are the basis of all progress; those of the peasant on the edge of his field, of the worker before his machine, and of the investor in facing risks.

"Let us not fail to consult him: not only through his political leaders, but in a more direct and spontaneous way through intermediary groups with common ideas and interests, as well as those which have so far not been heard often enough here, including women, so necessary to economic and social progress, and young people, without whom the future could not be built.

"Lastly, let us appeal to man, to his formidable capacity for invention and adaptation—to his indomitable trust in life, to his spirit of enterprise, to his taste for action and risk, and to his sense of happiness. If we know how to tap these forces, to draw support from them, they will triumph over any resistance and

over any passivity. If we are able to make men the centre and the ultimate beneficiary of our efforts, there is no doubt that the forces of transformation and progress will finally prevail over routine, distrust and egoism. That is the act of faith and the wish which I express here today."

III

TRADE AND COMMODITY PROBLEMS

It is no accident that international trade is the first of the agenda points of the Special Session.

Ever since the formulation of the International Development Strategy in 1970, followed by the unsatisfactory conclusions of the UNCTAD III Conference in Santiago in 1972, and through the often vociferous rhetoric of the Sixth Special Session in 1974, the developing countries have demanded a fairer deal in international trade, a more stable price for their basic commodities, and some link—or indexation—between the prices they receive for their raw material exports and the price they pay for their sophisticated manufactured imports.

"Trade not Aid" has become a popular slogan in both the developed and developing countries to illustrate a new relationship between the rich and the poor. Going even further, Nigeria's representative to an UNCTAD meeting earlier this year, Mr. Akporode Clark, pointed out that "aid" given to the poor countries was more than offset by the underpricing of their commodities sold to the rich countries. "The developing countries cannot continue to aid the developed countries to live above their means," he said. On the other hand, many developed countries have pointed to the four-fold increase in the price of oil as upsetting the international trade balance, and have called for longer-term stability in the prices of essential raw materials.

In the International Development Strategy (1970) a system of general non-reciprocal preferences for the manufactured exports of developing countries was advocated. The strategy underlined the need for a reduction of all trade barriers such as tariffs, non-tariff barriers, shipping rates and all "invisibles" such as insurance as they affect developing country exports, and the negotiation of

agreements to reduce the market instability for commodities upon which the economies of developing countries are so dependent.

But in the period since 1970 not much progress has been made on any of these goals while the relative trade position of the developing countries was deteriorating.

The export quantum (rate of growth) of developing countries declined from an average of 8% in the early 1970s to 3% in 1974. (The International Development Strategy target was 7%). During the same period the import quantum of developing countries accelerated sharply to 13%. All in all, taking into account many indicators, the terms of trade of the non-oil-producing developing countries worsened in 1974 by 6%. Added to the serious terms of trade situation was the very real shortage of certain basic supplies, particularly cereal grains, which raised new autarchic sentiments around the international negotiating tables (see Chapter VII on Food and Agriculture).

The Programme of Action for a New International Economic Order, worked out at the Sixth Special Session in April 1974, proposed a whole new approach to the trade issue with its major elements being an integrated programme for commodities (see Bernard Chidzero's presentation to follow), and the creation of producer associations along the line of OPEC (Organization of Petroleum Exporting Countries).

The NGO Forum discussions on international trade occured on two separate occasions, and are combined together in this chapter. A detailed presentation of the UNCTAD programme, the steps on the road to UNCTAD IV in Nairobi in May 1976, the nine agenda points of UNCTAD IV, and the impact of the Special Session discussions on the UNCTAD preparations is given by the Secretary-General of UNCTAD, *Gamani Corea*, at one of the morning briefings. Corea, a soft-spoken intellectual from Sri Lanka, former planning director for his country and the architect of the complicated International Tea Agreement, is one of the most articulate senior officials of the UN system. His briefing is followed by a fascinating dialogue (questions and answers) between Forum participants and Corea on the Special Session and UNCTAD IV, the role of GATT and the Multilateral Trade Negotiations (MTNs), shipping rates and debt moratoriums. (Note: Since UNCTAD relates to so much of the Special Session agenda, parts of Mr. Corea's briefing are found in various sections of this report).

The Forum panel, on international trade, was chaired by *Guy Erb* of the Overseas Development Council (Washington) who

placed the trade issue in economic perspective and outlined the various mechanisms for dealing with it.

Bernard Chidzero, a Nigerian, senior aid to Corea and, as head of UNCTAD's Commodities Division, the brains behind the integrated commodity plan, describes the plan as a new solution to the trade problems of developing countries.

Norberto Gonzales, an Argentinian, an economic expert of ECLA (Economic Commission for Latin America) speaks about the desperate balance of payment problems of the non-oil exporting countries of Latin America. It is interesting to note that ECLA (CEPAL in Spanish) is a school of economic thought as well as a UN institution in Latin America. It was founded by Raul Prebisch who later became head of UNCTAD, and "cepalinos" have been credited with much of the progressive economic planning in the region. Gonzales proposes a new "safety net" idea to correct the balance of payments problem.

Adolfo Combo, an Italian, is the European Economic Community's "man in New York." He tells about the Lomé Convention (February 1975) which is an interesting example of a stabilization scheme benefiting some of the developed countries (the EEC nine) and some of the developing countries (in Africa, the Pacific, the Caribbean).

The last speaker is *Edward Fried* of the U.S. Brookings Institution who develops the thesis that the old economic order still works, with certain modifications. He shows the direct relationship between the economic growth of the developing countries and the economic health of the developed countries.

It is interesting to note the differing point of view between Chidzero and Fried on the need for a new approach, and between Gonzales and Fried on the need for special preferences.

BRIEFING

GAMANI COREA

Gamani Corea was educated at the University of Ceylon, Cambridge, Oxford and the University of Sussex. Since 1974 he has been Secretary General of UNCTAD in Geneva. Prior to that he was Permanent Secretary, Ministry of Planning and Economic Affairs, Sri Lanka, Secretary of the Cabinet Planning Committee, Deputy Governor of the Central Bank of Ceylon, and Ambas-

sador of Sri Lanka to the European Economic Community. He acted as chairman of the UN Committee on Development Planning 1972-74.

UNCTAD is now setting its sights on its Fourth Conference which will be in Nairobi in May 1976. We see it as a significant event because UNCTAD IV would follow in the aftermath of a series of crucial meetings in the international system that have been taking place over the last eighteen months. UNCTAD IV could be, if properly utilized, an opportunity to translate into specific agreements some of the more general terms and policies that have been proposed in the course of the last eighteen months. I hope that UNCTAD IV would be able to set a course for implementation of some of these issues which, in the forum of the General Assembly and elsewhere, are discussed and endorsed in a more general way.

With the aim of making UNCTAD IV a more constructive event than has possibly been the case previously, we have restructured it. For one thing, it will be a shorter meeting than its predecessors. The earlier UNCTAD Conferences ranged from four months in Geneva to something like seven weeks in Santiago. UNCTAD IV will be four weeks. The idea is to achieve a better concentration on issues and also to make it possible for more participants at a high level of decision-making to be present at the Conference for a greater proportion of the time.

We have also aimed at a selective agenda. Past UNCTAD Conferences have tended to cover the whole range of trade and development issues. The last Conference had something like thirty items on its agenda. We have felt that in order to make it more effective we should be selective and single out some major issues rather than cover the whole ground. After all, UNCTAD has continuing machinery which could deal with these issues over time.

So, at its last meeting, the Trade and Development Board of UNCTAD in August 1975, decided on an agenda for UNCTAD IV which has nine issues. One of these is a general review item, so it is really eight substantive issues which would be the focus of the Conference. In each case the Trade and Development Board has tried not merely to list the issues by category but also to give an indication of what kind of result can be aimed at. The eight substantive issues are: commodities; trade in manufactures; money and finance; transfer of technology; cooperation among developing countries; special problems of the least developed countries; trade with socialist countries; and the future of UNCTAD.

The third change in the structure of the Conference is a provision we have made for a pre-conference negotiating session of the UNCTAD Trade and Development Board to be held in Geneva in March next year before the Nairobi meeting in May. This session

would enable the delegates to have an initial exchange of views for two weeks on the various proposals, break for a period of five to six weeks, go back to their capitals and reflect, take stock of the decisions that they are prepared to make in Nairobi, and come to Nairobi better prepared to negotiate.

As to the relationship between the Seventh Special Session and UNCTAD IV, I would like to see the Special Session underline the major issues that would come up at UNCTAD IV, give it a kind of political endorsement or thrust, establish the priorities, the decisions to negotiate, perhaps even indicate the general lines on which these resolutions might be found, and then leave it to the negotiating machinery of UNCTAD IV to translate them into specific negotiated decisions.

(Editor's note: There follows a series of questions and answers with Mr. Corea which fit better here than at the end of this chapter, the section of questions and discussions on the afternoon Forum presentations. These questions cover a wide range of subjects of interest to Mr. Corea and UNCTAD and relate to several chapters of this book, particularly Chapter IV, Finance and Monetary Problems, Chapter VIII, International Development Strategies and Chapter IX, Global Structures. A detailed answer on the nine agenda points of UNCTAD IV has been moved to Chapter XII, NGOs What Next?)

Q. What are the issues on which you expect political thrust from the Special Session?

Corea: Well, the Special Session has touched on a number of these and you find in the proposal made by the Group of 77 a very strong reference to the commodity issue, to the question of the transfer of technology and the issue of money and finance. These are the three broad areas which the Special Session is concerning itself with, and from which you can get political thrust.

Q. To what extent do you expect UNCTAD to become an implementing agency for agreements in the commodity field made by the Special Session? Do you expect that UNCTAD will be entrusted with a lot of responsibility that was previously given to GATT?

Corea: I see UNCTAD implementing, through further negotiations, the kind of general policy positions which the Special Session might take. I do not see it as the agency to implement actual commodity agreements or mechanisms. UNCTAD negotiated, for example, the Cocoa Agreement and the Tin Agreement but having negotiated the details it handed the management on to the

specialized Cocoa Council and the specialized Tin Council. We do not necessarily see ourselves as managing the agreements after they have been negotiated; but we would be implementing the general decisions taken here in the form of specific negotiations.

In regard to GATT, I do not think that there is any thought of UNCTAD, at its present stage, implementing or taking up any of the things that have been done under the multilateral trade negotiations. The multilateral trade negotiations would end up as agreements among states. UNCTAD has contributed to this by helping developing countries—specifically providing technical assistance—in their negotiating positions, and more generally we are observers.

Q. Would you give us your assessment of the Special Session, especially in terms of whether or not enough attention is being paid to what is apparently at the heart of it, that is the restructuring of aid rather than so much emphasis on potential forms and mechanisms of aid?

Corea: I have myself long been arguing that although aid has been one of the main policies of development co-operation policy in the past, it is ineffective and undermined if there is a constant slide on the trade front. So even if one does not put it in the form of aid versus trade, one sees a need to make aid effective. And to do that, you have got to make sure that the foundation of trade is strong. I think it is true to say that in the general statements made at the Seventh Special Session there is a growing awareness of this fact. Unless you do something to underpin the resources accruing to developing countries through trade, much of the resources made available by aid goes not for development as intended but for keeping the economy going. So if it is to be effective, then I think you need to strengthen and reform the trade front. I think there is a new emphasis on this in the Seventh Special Session compared to previous debates on development policies.

Q. What do see as the future role of UNCTAD in light of restructuring the UN system?

Corea: I have already, in the course of my statement to ECOSOC in Geneva in July given some reactions to some aspects of the restructuring report as it concerns UNCTAD. The report foresees a change in which UNCTAD would in one sense be integrated into a reformed central structure and in another sense evolve into an international trade organization. There is a certain

amount of ambiguity in this because if UNCTAD is the one to do the merging, it may not be available for the other merging, so this issue would have to be given more thought.

More recently, I presented a paper to our Trade and Development Board on the future role of UNCTAD as I saw it, and there I tried to draw the distinction between the kinds of concerns which the United Nations has in the field of development. One area concerns issues which are primarily national for which the UN has to give support by way of policy guidelines, research, technical assistance, financial support and so on. A second area concerns relations between the states, the international framework within which development takes place, where you need hard negotiations in the areas of trade, commodities, the transfer of technology, the role of multinationals, capital flows, debt issues, and so on. In this second area you are up against the need to enter into dialogue between governments, hammer out agreements and get into hard bargaining in negotiations. I feel that the UN needs to develop an instrument for negotiations, that the General Assembly needs to have a negotiating arm. UNCTAD deals with these hard issues 70-80 per cent, but I feel much would be gained if this distinction is recognized and the need to strengthen the negotiating part of the UN be looked at as a separate issue.

Q. Could you elaborate on the new orientation of trade with the Socialist countries and why it is felt that a new concept is necessary?

Corea: The whole question of how the developing countries could benefit from the economic expansion of the Socialist countries needs to be looked at afresh. Trade between developing and Socialist countries have tended to grow fast, it has been a somewhat dynamic element. But the base from which this growth has taken place has been somewhat small. The question is how this could be given further push, how it could be strengthened and what its modalities could be. Various suggestions have been made and various activities are now going on, particularly whether some advantage could be taken of the improvement in the general political relationship between the Socialist countries and the Western countries for the initiation of tripartite ventures in the field of trade. That is one of the newer ideas that has come up in connection with trade with the Socialist countries.

Secondly, the Socialist countries themselves are doing some integrating within the realm of the CMEA and projecting their

own trade needs over a longer period. In these projections allowance could be made for trade relations with developing countries. We are also establishing a workshop in which developing countries and Socialist countries are exchanging views on the modalities of trade between each other because in many cases these are done through different mechanisms than the open market.

Q. Do you expect that the industrialized countries, particularly the United States, are ready to participate fully in UNCTAD IV?

Corea: The United States has participated fully in the UNCTAD meetings to date. They have taken part in the decisions on the commodity package. So far as UNCTAD is concerned the United States is very much an active participant.

Q. Would you give us your comment on your reaction to the Kissinger speech on the Special Session? Does it represent a new reaction by the United States and a series of new offers in the developing/developed context?

Corea: One reaction I had is that on the issue of commodities, Dr. Kissinger has been pushing very hard and it is now becoming recognized as one area in which some kind of action is necessary. Twelve to eighteen months ago one did not find the same amount of emphasis in the United States Government on the commodity issue and the fact that a growing consensus is emerging to do something in this field is a matter of satisfaction for us in UNCTAD who have been pushing it. Now it's one thing to agree on the need for action and it is another thing to agree on the kind of action that is necessary and I think that this is the next stage in the international dialogue.

Q. What about the matter of shipping?

Corea: The field of shipping is not on the selected list of issues on the UNCTAD IV agenda, not because of any feeling that it is receding in importance but simply because it was felt that there are no major issues which are ready for negotiation at this time. The main contribution that UNCTAD has made in the recent past has been the negotiation of the Code of Conduct of Liner Conference. The number of signatories to the Code would now suffice to make the Code operative from a legal sense provided that these signatories are followed up by ratification. The fact that thirty or more governments have now signed it does meet the requirements set in the Code for minimal participation. UNCTAD is

also dealing in a wider sense with two issues in the field of shipping. One is the development of merchant marines on the part of developing countries and the other is the development of ports. But so far as we can see, none of these points would be ripe for major decision at UNCTAD IV.

Q. Has anything been done about freight rates so far?

Corea: The developing countries have been presenting their views on how the structure of freight rates should evolve, the need for recognition of the importance of freight rates to development and also the need to establish mechanisms for consultation on increasing freight rates.

Q. There are a number of reports which indicate that the Western European nations generally are softening their stance towards a moratorium for debts on the part of the Third World nations largely because they understand that the debt is responsible for hindering world trade at this point. Now given the Europeans' interest in maintaining and expanding trade with the Third World, if the United States is insisting on not dealing with the debt question, do you see the possibility of the Europeans backing a move independently for a moratorium on Third World debts?

Corea: I think it is a little early to take a definite position on that prospect. There is a growing awareness that this debt issue is becoming critical and cannot be dealt with exclusively on past approaches which have tended to take a rather commercial view of the debt problem. The idea was that one should not make it too easy to renegotiate or reschedule debt because this encouraged a certain degree of irresponsibility on the part of the borrower. It was felt that any debt renegotiation exercise should be undertaken only after the crisis has come. In any case, it should be a kind of traumatic experience so that the debtors would not get into this kind of situation in the future. I think that there is now a change and a willingness to see the debt issue as part of the wider development issue linked up with the question of aid and resource transfers.

UNCTAD has a governmental group of experts which includes experts from the European countries and the United States which came to a unanimous agreement on two issues. One is on some broad principles and guidelines which might provide a framework for handling debt problems. And the second is some agreement on institutional aspects which recognize the need for debtor countries to have their debt problems put not in the nar-

row context of a commercial negotiation, but to be set in the wider context of their development needs prior to the actual renegotiation of debt issues. On these two issues there has been some movement.

THE FORUM

GUY F. ERB

Guy F. Erb is a Senior Fellow with the Overseas Development Council (Washington). Previously he was a technical assistance expert for the United Nations Development Programme, with experience in Central America and Southeast Asia. He was a member of the Secretariat of UNCTAD and also was on the staff of the President's Special Representative for Trade Negotiations while with the US Foreign Service in 1963-65. He is author of many articles on problems of economic development and the work of international organizations and recently edited a book of essays presenting the views of men and women from the developing world entitled Beyond Dependency: The Developing World Speaks Out *(ODC, 1975).*

The contribution of trade to the growth and development of the nations of Africa, Asia, and Latin America has long been one of the most contentious issues in policy debates between developed and developing countries. While stressing the benefits of free trade and the role of exports as an "engine of growth" industrialized countries have often been slow to liberalize barriers to imports from developing areas. Developing countries have consistently sought better access to the markets of rich countries for their raw materials and manufactured goods. Discouraged by the results of these efforts, some in developing countries have drawn attention to the inequities that can result when nations of different economic strength and development trade with one another: "... trade has been an 'engine of growth' for developed nations and an instrument of exploitation of the developing."

Yet changes are altering the patterns of post-World War II international economic systems. The value of exports of manufactures from developing countries, for example, grew at 15 per cent annually between 1958-1960 and 1969-1971. In 1972 and 1973 their annual increases in value exceeded 30 per cent and manufactured exports accounted for over one half of the total increase in the

volume of exports from developing countries in 1973. Such expansion and diversification of trade has sparked disputes over the restrictions placed by industrialized countries on imports of manufactured goods from developing countries and over relations between developing countries and the foreign corporations that generated much of this new trade.

The multilateral trade negotiations now being held under the auspices of the General Agreement on Tariffs and Trade (GATT) will seek to provide the developing countries with more opportunities to build on the success that many have achieved with manufactured goods exports.

Because of the recent cycle of boom and bust in commodity markets international economic discussions have lately focused on commodity trade measures to improve the trade prospects of raw materials suppliers. Traditionally producers, exporters, and consumers of raw materials have reacted to proposals for intervention in commodity markets with varying degrees of interest according to how they were affected by swings in commodity prices. Thus far, the many government and private interests involved in commodity trade and production have reached a consensus on only a few specific policies.

Now world inflation and the commodity price boom of 1973-74 have highlighted the need for renewed international consideration of commodity trade issues. Developing country concerns over the adequacy of earnings from commodity exports, the uncertainties resulting from wide price fluctuations, and the relationship of raw materials prices to those of manufactured goods have been joined by new political-economic factors. Raw material producers are showing greater bargaining power both with regard to prices—as in the case of the Organization of Petroleum Exporting Countries (OPEC)—and to their investment and marketing relationships with foreign firms. New international approaches to commodity policies also are based on the perception in consuming countries that they have significant interests in securing access—both economic and political—to raw materials.

There are many interests involved in the formulation of commodity policies. The major consumers of raw materials are, of course, industrialized countries, but developing nations with rapidly expanding industrial sectors share the developed countries' interest in adequate, continuous and reasonably priced supplies of raw materials. Countries producing and exporting raw materials include both developed and developing nations; especially in the non-fuel minerals sector. Most commodities reach their destinations through a network of private enterprises and banks. In general, these corporations and banks have not participated directly in multilateral discussions of commodity arrangements. International institutions, the World Bank and the International

Monetary Fund (IMF), the General Agreement on Tariffs and Trade (GATT), and the United Nations Conference on Trade and Development (UNCTAD), can both reflect and lead governmental opinion. Their policies and proposals can have significant influence over the determination and implementation of commodity policies.

Producing and consuming governments, corporations and banks, and multilateral agencies approach international negotiations on raw materials with a variety of objectives. Some of these may be shared: there is wide agreement on the necessity to raise the standard of living of poor countries, to attempt to diminish the gap that exists between them and the industrialized countries, and to reduce the internal income inequalities which characterize developing countries. Although these goals have wide support, significant differences exist as to how to achieve them.

Exporting countries wish to increase their foreign exchange earnings from raw materials exports without being subject to disruptive price fluctuations. Exporters in the developing world also emphasize measures to safeguard the purchasing power of their foreign exchange earnings in terms of their imports of manufactured goods. Increasing local processing of minerals and other raw materials is another objective shared by most raw materials producers.

Consuming countries—whether developed or developing—want security of supply at reasonable prices. In general, industrialized countries tend to support efforts of their multinational companies to maintain their influence or control over raw materials development and trade. In the companies' view they can thus enhance the security of their investments and their opportunities to receive an adequate return on investments, as well as meet the objectives of their home governments. The challenge to traditional patterns of trade and investment by commodity producing countries has called into question the security of the financial and contractual arrangements which have sustained raw materials development. The private sector now appears to be in conflict with many developing nations and other raw materials suppliers such as Canada, Australia, and Ireland as these producing countries seek greater control over the development of their national resources and a greater share of the economic rents which can be derived from resource development. Therefore, a major objective of companies, banks, and governments in the industrialized world is the restoration of security of investments through relocation of operations or through new relationships between producing countries, the private sector and multilateral agencies.

Developments in raw materials trade and production present challenges as well as opportunities to multilateral institutions. The World Bank and the regional development banks are now considering entry into minerals projects, high risk investments not nor-

mally found in their portfolios. If they refrain, they might jeopardize long-run prospects of some of their borrowing members. The International Monetary Fund is contemplating changes in its compensatory financing and buffer stock facilities that would further shift its operations toward meeting the problems of developing nations. The General Agreement on Tariffs and Trade is contemplating the impact which negotiations on specific commodities or on codes governing supply access could have on the already complex and slow-moving multilateral trade negotiations (MTN). While for the UNCTAD, long regarded by developed countries as an institution of the Third World, the prospect of meaningful negotiations on its commodity proposals offers the possibility of a constructive new relationship with its developed and developing members.

Reconciling the aims of governments, firms, and international agencies is a complicated task and the current world economic situation does not make the job easier. Following very rapid rates of economic growth in virtually all parts of the world economy and a very high rate of global inflation, many countries are now in a prolonged economic recession with continuing, if somewhat lessened, inflationary pressures. Energy prices remain high. Developing countries face deteriorating terms of trade, crushing balance of payments difficulties as a result of rises in prices of food, petroleum, and manufactured goods, and large external debts.

The September 1975 Seventh Special Session of the U.N. General Assembly offers both developed and developing countries a chance to moderate their rhetoric and make serious approaches to negotiations on bilateral and multilateral trade arrangements. But if the developing countries moderate the presentation of their objectives for a new international economic order, they cannot afford to dilute the objectives themselves. The industrialized countries and private corporations still face the hard tasks of negotiating real changes in their economic relationships with the developing nations.

BERNARD CHIDZERO

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The instability of world commodity markets poses major problems for the commodity exporting countries. For the developing countries, 75 to 80 per cent of their foreign exchange earnings derive from commodity exports. Since the Korean War, not only have commodity prices declined at the average rate of 2 per cent annually, but have fluctuated widely, creating difficulties in planning which, in turn, have added to the problems of political and social instability within developing countries.

Further exacerbating the problems is the narrow export base of many developing countries which often depend on only one primary export commodity.

The "over-heated" economies of the developed world, which face such problems as persistent labour union demands and the general demand for more goods and services, are a contributing factor. These demands are reflected in the prices of manufactured goods, which have a tendency to rise and remain at higher levels, while commodity prices fluctuate widely and in some cases show a declining trend.

The export base for primary commodities is also affected by the antiquated nature of the marketing distribution system, which in many cases derives from a colonial past, an example being the auction sales of such items as tea and tobacco.

Our problems are that of scarcity, which derive from scarce resources, mismanagement of available resources, and disincentives to invest in raw materials' production caused by low prices.

The objectives of the Special Session are predicated on the need for: 1) greater participation on the part of exporting nations in world economic planning, as well as increased control over their natural resources; 2) joint participation by producer and consumer nations in setting adequate prices, without negating the ability of producer associations at least at a primary stage to anticipate these joint endeavours; 3) "indexation", or the linking of prices of raw materials exported by developing countries to prices of their imports of manufactured goods from developed countries, as a useful procedure in ensuring price equity and preserving the purchasing power of developing countries against the corrosive prices of inflation; and 4) diversification, especially of the vertical type.

The following reform measures are proposed: 1) the establishment of international stocks for the purpose of price stabilization and supply certainty, especially in regard to basic export commodities, including copper, tin and coffee; 2) the establishment of a common international fund to finance these stocks because such measures would benefit both developed and developing nations and therefore should be duly financed by both; 3) multilateral agreements between exporting and importing nations for the purpose of ensuring the disposal of commodities at a remunerative price on the basis of a planned balance between supply and demand; 4) a

compensatory financing facility to stabilize export earnings and to take care of increasing import costs; and 5) increased processing of raw materials within the developing nations, and assistance in transforming their economies.

These measures taken together constitute the UNCTAD integrated programme for commodities; it is hoped that there will be greater appreciation of the role of this programme in meeting the needs and goals of the New International Economic Order.

NORBERTO GONZALES

Norberto González is the Director of the International Trade and Development Division of the United Nations Economic Commission for Latin America. After finishing his postgraduate studies at Buenos Aires University and the London School of Economics, he became a Full Professor and was appointed head of the Department of Economics of Buenos Aires University. During ten years, he served as Director of Research of the United Nations Latin American Institute for Economic and Social Planning. He is the author of several books and many articles on regional economics, international trade, economic integration and distribution of income and employment.

In the mid-1970's the nations of Latin America are facing very serious trade and balance of payments problems. As a group, the non-oil exporting countries of Latin America had in 1974 a nine billion dollar balance of trade deficit. This was up from only a one billion dollar balance of trade deficit in 1973. The 1974 balance of payments deficit of these countries reached the record level of 13 billion dollars.

Prospects for the near future are still gloomier. If the non-oil exporting Latin American countries could achieve the United Nations Second Development Decade growth target of about 6 per cent, the trade deficit would reach 11.1 billion in 1975 and 11.5 billion in 1976, due mainly to the expected fall in the prices of raw materials they export and to the anticipated steep increase in prices of the equipment and intermediate goods that they import. About two thirds of the countries would have, separately considered, a trade deficit higher than 25 per cent of their exports. The heavy burden of debt services would even worsen substantially this situation.

This plainly means that most Latin American countries will fail to achieve the development targets that are essential to face the serious social and economic internal problems, and that they are

bound to be forced to apply import restrictions, thus prejudicing the policy of trade liberalization which they have been trying to apply during the past ten years.

Since Latin America imports annually about 40 billion dollars worth of goods and services, mostly from developed countries, her lower rate of growth and the consequent import restrictions would signify a serious hindrance for the recovery of the world economy.

For the near future, efforts aimed at achieving international economic co-operation should focus on measures that can lead to concrete results and benefits:

1) Raw material export prices should be stabilized at adequate levels; export incomes should be stabilized.

2) Access to the markets of developed countries should be assured, tariff and non tariff barriers of these countries need to be lowered, and appropriate measures implemented to ensure fair treatment of Latin American exports vis a vis those from other sources.

3) There should be stronger economic co-operation among the developing countries themselves.

4) Measures should be taken to solve the severe international payments and financial problems of the Latin American countries; the debt servicing problem deserves special attention.

The balance of payments problems being faced are severe and present a significant hindrance to further economic development. Therefore, there is an immediate need for strong financial co-operation for the purpose of: 1) settling external debts and 2) establishing a new mechanism or "safety net" for financing the short-term balance of payments deficits of the Latin American countries.

The "safety net" arrangement should be based on Latin American mutual assistance, co-operation and self-reliance. The funds for the "safety net" should be raised at commercial rather than at concessional interest rates. Moreover, this mechanism should be a means of last resort.

Domestic adjustments should take place, and a reasonable use of other external financing sources should be made prior to the use of the net. The "safety net" could become a useful tool in making the transition period smoother and for ensuring, as much as possible, adequate levels for Latin American's trade and development. It should be a new mechanism, although it could be administered by an existing institution.

ADOLFO COMBA

Adolfo Comba is the Director of the New York office of the European Communities. Born in Italy, Mr. Comba received university education in the U.S. Since 1958 he has been an official of the Commission of the Communities and has had responsibilities in trade policy, regional policy, external relations and information.

The Lomé Convention was signed in the Capital city of Togo on February 28, 1975, between the nine member countries of the European Communities and 46 developing countries in Africa, the Caribbean and the Pacific (ACP). The latter represent a total of 268 million people, including the whole of independent black Africa and 18 of the poorest countries of the world according to UN criteria.

The Lome Convention is based on the principle of co-operation between industrialized and developing countries, on a basis of legal equality, through a system of joint management of all instruments of the accord.

The provisions of the Lomé Convention deal with 5 major areas:

1) Free access without reciprocity in the European Community for 99.2% of exports of the ACP.
2) Financial co-operation in the form of grants and interest-free or low-interest loans by the EC to the ACP.
3) Stabilization of export earnings, based on a substantial fraction of total exports of ACP and a compensation for the gap between actual export receipts and receipts at a favourable reference price.
4) A minimum price guarantee for sugar, as this product constitutes the main export for several ACP countries.
5) Industrial co-operation: aid by the EC to ACP to build up industry, notably for the processing of raw materials, and transfer of technology.

The institutions governing the Lomé Convention make sure that partners are represented on a basis of equality and that management of the accord is shared by them at all levels.

EDWARD FRIED

Edward Fried is a Senior Fellow of the Brookings Institution (Washington). He served as a senior staff member on the National Security Council and was Executive Director of the Presidential Task Force on International Development. He has co-authored several books and has written articles on international trade and developmental assistance.

In assessing the world economic order it is important to keep its role in perspective.

As a system it represents a set of rules and institutions designed to facilitate the exchange of goods, capital, and technology among nations. Two aspects of this exchange are worth particular em-

phasis. First, the exchange must be mutually beneficial or it will not take place. How the gains are shared will vary depending on relative bargaining power, the tariff system, and similar factors, but both sides must gain. Second, the international system as a whole, while very important, necessarily plays a secondary role in determining a nation's economic destiny. International trade, on the average, is only 10 percent of world GNP, and even for the developing countries foreign capital inflows represent about 20 percent of total capital formation. Thus domestic economic policies, not the international economic system, will be the primary determinant of a nation's economic growth.

On the basis of its record since the end of World War II, the world economic order has performed remarkably well. For example:

(1) The rate of economic growth in both industrial and developing countries has been the most rapid in modern economic history, averaging about 5 percent a year. Over the past ten years economic growth in the developing countries has been somewhat more rapid than in the industrial countries, averaging about 6 percent a year.

(2) International trade has consistently grown more rapidly than output, increasing at about 8-9 percent a year. This has led to greater interdependence and to increased economic specialization among nations.

(3) The growth in trade has been less rapid for developing countries than for industrial countries. The principal reason for the difference is that the developing countries depend to a considerable degree on exports of primary commodities, which are the least dynamic sector in world trade.

(4) Nonetheless, one of the most promising characteristics in the trade area is the growth of exports of manufactured goods of the developing countries. Over the past fifteen years, and excluding the oil exporting countries, these exports have grown by 12 percent a year in real terms. Over this period exports of manufactured goods have risen from 20 percent to 40 percent of the total exports of the non-oil developing countries. In many countries the expansion of these exports has been an important factor contributing to their rapid economic growth.

(5) Over the past few years in particular the international economic system has performed surprisingly well in the face of unprecedented economic pressures. Despite the shock of higher oil prices on domestic economic activity and the balance of payments, and despite the pressures caused by severe cyclical swings, there has been no wide scale reversion to protectionism and no serious deterioration in financial flows or breakdown of capital markets.

The system can be faulted for both old deficiencies and new ones. There are still a large number of distortions in the system created by tariff and non-tariff barriers; the danger of spreading

export controls during periods of shortages has become more serious; prices for primary commodities have become subject to more extreme fluctuations; and the presence of chronic inflationary pressures is becoming a depressant on economic output.

Thus, while the present international economic order is alive and reasonably well, there is evident need for improvement and change. To be most effective efforts to make such change should proceed simultaneously on a number of fronts. First priority, for developing and industrial countries alike, is to continue the process of reducing tariff and non-tariff barriers to trade. This is an important route to removing or reducing economic distortions, and particularly to improving the prospects of developing countries. Second, there is need for greater world-wide co-operation in agricultural production. This includes the establishment of coordinated policies for grain reserves that could insure against famine and provide greater stability in food prices and for co-operation to contribute to increasing agricultural production in the developing countries, particularly in those countries having large populations and low per capita incomes. Third, new efforts should be made to bring greater stability to the trade in primary commodities. While this area of co-operation has been receiving a great deal of attention, it is probably somewhat less important than the others as far as the economic prospects of the developing countries are concerned. Nonetheless, commodity stabilization measures in the limited number of cases where they are feasible should be pursued particularly through the experimental use of buffer stock arrangements. Fourth, new measures are necessary to increase the flow of concessional aid to the poorest developing countries, and to assist the more rapidly growing developing countries in dealing with the financial pressures associated with higher oil prices and the world recession.

This package of measures suggests some general observations regarding the international economic system, and the developing countries in particular. First, the developing countries would benefit most at the present time by economic recovery in the industrial countries. This would bring the largest and most immediate stimulant to their exports and hence to their capacity to finance continued development. Second, there are special actions that would improve the prospects of the developing countries. These consist principally of help from the OECD and OPEC countries in stimulating food production, providing for grain reserves, and improving short-term aid and capital flow facilities. And finally, it is worth emphasizing that the most effective policies for developing countries are those that encourage, and take place in the context of a growing world economy. Interdependence applies to all countries, among the industrial countries, among the developing countries, and between industrial and developing countries.

QUESTIONS AND DISCUSSION

The discussion period for this Forum session was very brief because of the time taken by the greater number of speakers. Questions focussed on two points.

First, on the possibility of an aid debt moratorium. The panel recognized the aid debt of developing countries as potentially more serious than the balance of trade problem, but offered no opinions on its possible solubility. Mr. Fried advanced the opinion that the debt burden has been diminished by world-wide inflation. But more importantly, larger debt burdens could be financed by healthy economic growth in the developing countries which owe debts. Countries which are poor credit risks could not have their balance of payment problems solved over the long run by a debt moratorium.

Second, the panel was asked what pattern of trade preferences would apply to the developing countries in the new international economic order. The panel disagreed on this point. Mr. Gonzalez supported the idea of preferential treatment. Mr. Fried asserted that such special treatment would become increasingly unimportant.

ACTION OF THE SPECIAL SESSION

The international trade section of the Resolution adopted by the Special Session (3326/SVII) calls for concerted efforts in favor of developing countries toward expanding and diversifying their trade (particularly in manufactured products) and increasing and sustaining their real incomes in order to eliminate the economic imbalance between them and developed countries.

It called upon the UNCTAD IV Conference (May 1976) to reach decisions to include (a) stocking and other market arrangements to secure stable and equitable prices for commodities of developing countries, (b) international financing for such arrangements, (c) promotion of longer term contracts, (d) compensatory financing for shortfalls in export earnings, (e) promotion of processing of raw materials in developing countries, (f) improvement in shares of developing countries in the transport, marketing and distribution of the materials they produce. (Note: this was on endorsment, though couched in cautious, general language, of UNCTAD's integrated commodity programme.) It asks the UNCTAD Secretariat to study the effect of an integrated programme on the resource-poor developing countries.

Acknowledging that there are a number of options open to developing countries to preserve their purchasing power, it authorizes the Secretary General of UNCTAD to continue to study direct and indirect indexation schemes. It also asks him to study the relationship between the prices developing countries receive for their commodities and the final consumer price particularly in developed countries. The Resolution calls upon the developed countries to take many other measures for improving trade of the developing countries, including generalized preferences, removal of non-tariff barriers and eliminating restrictive business practices. It calls for expansion of trade between the Socialist countries of Eastern Europe and the developing countries. (See Annex ii, text of Special Session Resolution SVII-3226, Section 1.)

The Trade section was one of the thorniest to work out in the Special Session's Ad-Hoc Committee. There were significant differences between the original negotiating position of the Group of 77 on the one hand and the United States and the EEC on the other. The Commonwealth Experts Group's report (the so-called McIntyre Report) was an interesting compromise position between the two. The main points of contention were: 1) The UNCTAD integrated commodity programme, where the developing countries wanted a specific "package deal" for at least sixteen major commodities and the U.S. proposed "the establishment of a Producer-Consumer Forum for each commodity," 2) and indexation—where the group of 77 wanted the Secretary-General of UNCTAD to make concrete proposals before UNCTAD IV while the United States delegate, Ambassador Jacob Myerson said, "we have agreed to join others in the study of such a proposal, however, the United States has to make clear that it does not support such a proposal."

NEXT STEPS

As the Resolution states, the principal follow-up of the trade and commodity issues will take place at the Fourth United Nations Conference on Trade and Development (UNCTAD IV) to be held in Nairobi from May 3 to 21, 1976. There will be a number of intergovernmental meetings preparatory to UNCTAD IV, particularly a Ministerial level meeting of the Group of 77 in Manila end of January/beginning of February 1976 to agree on a common set of demands and, as Gamini Corea said in his presentation, a preliminary negotiating session of UNCTAD's Trade and Development Board in Geneva in March, 1976.

Many national and international non-governmental organizations are now following closely the UNCTAD IV preparations since they consider it to be the next major event in the scenario of the relationship between the rich nations and the poor nations. UNCTAD itself is now working at full pitch to help governments prepare their positions and to carry out the many specific mandates given it by the Resolution of the Special Session.

The UNCTAD Secretariat views "external" support as essential for achieving its aims and has already instigated meetings with non-governmental organizations (both national and international), with research institutes, and with the media.

But follow-up on the trade and commodity problems is not confined solely to UNCTAD, nor even to the UN system.

The multilateral trade negotiations (MTNs) which were formally started in September 1973 at a Ministerial Meeting in Tokyo and got underway seriously in February 1975 when Congressional action allowed the United States to participate, will continue to play an important role. These negotiations, while serviced by the secretariat of the General Agreement on Tariffs and Trade (GATT) are open to all countries whether or not they are members of GATT and, to date, 102 countries have agreed to participate.

Early in 1975 it was agreed that the MTNs should break down into six working groups to consider (1) the general application of tariffs; (2) the reduction of non-tariff barriers; (3) reduction of barriers to trade in selected sectors; (4) the adequacy of a multilateral safeguard system; (5) the special problems of trade in agricultural commodities; and (6) the priority of trade in tropical products. It is expected that these groups will work through late 1975/early 1976 and relate their decisions to the UNCTAD IV. Indeed, the close connection between the preparatory work of the UNCTAD Secretariat on the one hand, and the on-going work of GATT and the MTNs on the other hand, has led to a call from many countries for a comprehensive "international trade organization" combining the two institutions. (See Gamini Corea's comments on this in answer to a question following his briefing.)

Trade and commodity problems, particularly the question of Third World access to markets in industrialized countries, will surely figure on the agenda of the 27-nation Conference on International Economic Cooperation which will be convened in Paris on December 16, 1975, although it is not a specific topic of the four commissions or working groups which have been set up.

Finally, even although steps will be taken as a result of the

Resolution of the Special Session towards an integrated commodity programme, the individual commodity agreements will continue and individual sets of negotiations to renew them will carry on. There are six agreements now in force covering wheat, olive oil, tin, sugar, coffee and cocoa. The cocoa agreement is up for renewal in the fall of 1975. UNCTAD is pushing for two new agreements for copper and rubber.

IV

FINANCE AND MONETARY PROBLEMS

Concurrent with a world food crisis (see Chapter VII) the world felt the effects of an international monetary crisis in late 1971. Because of a complicated chain of simultaneous occurrences such as world wide inflation, recession, rising oil prices, and deteriorating terms of trade, the "Bretton Woods Agreements", which had served to regulate the world's monetary affairs since the Second World War, suddenly broke down. Ever since 1971 the world's international financial institutions, particularly the International Monetary Fund and the World Bank and its subsidiaries (helping the hard-hit developing countries) have long been trying to restore some sort of banker's order.

International monetary reform was one of the specific agenda points for the Special Session, linked to the subject of the transfer of real resources for financing the development of developing countries (aid flows). The Special Session discussions took place against a background of several years of negotiation and partial agreements, stretching back to the International Development Strategy passed in 1970. Also, parallel to the first week of the meeting of the Special Session (September 1-5, 1975) the annual meetings of the IMF and the Bank were taking place in Washington. As we shall see, the Special Session conclusions on this subject form the tip of an iceberg, the under parts of which have been some time in forming.

The International Development Strategy called in general for monetary reform and a greater voice for the developing countries in world monetary affairs. More specifically, in order to cope with the wildly fluctuating revenues from basic exports, the Strategy called for the World Bank to work out a scheme for supplementary financing and for the Bank and the IMF to look into the pos-

sibilities of a link between the allocation of new reserve assets (special drawing rights—SDRs) and development finance.

Shortly after the agreement on the Strategy, the IMF set up a Committee on Reform of the International Monetary System and Related Issues, the so-called "Committee of Twenty." This Committee has subsequently, in 1974, split into two committees: The Interim Committee of the Board of Governors on the International Monetary System (the "Interim Committee"); and the Joint Ministerial Committee of the Board of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (the "Development Committee").

These bodies have been hard at work for two years trying to improve—if not reform—the monetary system. They have been considering three methods: first, by amendments to the Fund's articles of agreement including such aspects as the gold standard, exchange arrangements, the SDR link, weighted voting; second, by arrangements to enlarge the total resources of the Fund and the Bank, such as increasing members' quotas; and third, by innovations and improvements in the use of the resources such as extensions of the buffer stock facility, the special oil facility, etc.

It was interesting to realize that some major achievements along these three lines were being made in Washington during the opening days of the Special Session. As Harry Lennon, an economic writer with the UN's Centre for Economic and Social Information wrote in the October 1975 issue of *Development Forum*,

"Much of the brush work in New York was reflected in the finer pen strokes of the UN's financial agencies familiarly known as the Bretton Woods Institutions. No one could pretend that the Bank and the Fund were out there busily constructing a New International Economic Order, but the measures which they adopted responded to some of the immediate concerns of the delegations in New York, and were at least not inconsistent with an attempt to fashion new, experimental approaches to some of the more intractable world economic problems."

By September 10, 1975, the day that this Forum discussion took place, three basic decisions had been made in Washington.

First, relating to amendments to the Fund's articles of agreement, it was decided that gold would play a diminished role in the international monetary system and that its "official price" would be abandoned. Progress was made on the question of readjusting the weighted voting to give the developing countries a

bigger say in the IMF and the Bank. The votes of the OPEC members would be increased from 5% to 10% giving all developing countries, including OPEC, 32½% of the votes in the IMF. The question of the SDR link was not decided, but Fund officials (see presentations of Zegers and Woodward to follow) were expressing the opinion that other measures (see next paragraph) may make the link idea less necessary.

Second, on enlarging the total resources available, it was decided to increase by $12 billion (from $38 billion to $50 billion) the resources of the IMF by increasing the membership quotas. Also the Bank and its subsidiaries announced an expansion of resources: the Bank itself in capital (most, hopefully, to come from OPEC countries); IDA (International Development Association), the soft loan provider, in the form of funds from voluntary (governmental) pledges; and the IFC (International Finance Corporation), the private enterprise stimulator, from a major enlargement of its capital base. Also it was agreed that the IMF would get rid of one third of its gold reserves (worth $14 billion) giving half of it back to members according to their quotas and selling the other half to establish a special trust fund to lend money to the most seriously affected of the developing countries. (Gold had tripled in value since it was deposited with the IMF by the industrialized countries, hence the formula of returning on equal proportion to that being sold on the open market was agreed upon).

And third, concerning improved services of the Bank and the Fund, it was decided to continue the Fund's Special Oil Facility (for developing countries most seriously hurt by the oil price increases), to extend it from $3 billion in 1974 to $6 billion in 1975 and to attempt to lower interest rates from 7.5% to 2.5%. Perhaps the most imaginative and innovative decision from Washington was the agreement to establish a "Third Window" at the Bank where countries not eligible for the very soft loans from IDA but too poor to pay the Bank's higher interest rates, could get loans at a subsidized rate of about 4%.

Against this background the Forum heard from six authorities. *Jan-Maarten Zegers*, the Dutchman who represents the IMF at the UN, spoke at the morning briefings on September 10th, explaining the role of the Fund and touching upon the main points of the Washington meeting. The afternoon panel was chaired by *Irving Friedman* of the First National City Bank of New York who talks about the impact of global inflation on development. He is followed by *Charles Woodward*, also of the IMF, who deals with historical perspective with the effects of the oil

prices on the monetary system (referring to the IMF's Special Oil Facility) and with the balance of payments shifts in 1974. *Julian Grenfell*, the World Bank's representative at the UN, outlines the role of the Bank, elaborates on the "Third Window" idea, and concludes that both trade *and* aid are essential to achieve development given the present monetary situation.

The last two speakers, *I. G. Patel* of UNDP and *A. Ramirez-Ocampo* of the IADB (Inter-American Development Bank) deal more with the particular situation of aid to developing countries in the context of world-wide monetary and financial problems. Mr. Patel talks of other than voluntary resource transfers such as the SDR link and the possibility of a new development tax on luxury commodities. Mr. Ocampo, too, mentions a new tax system and says that all of the ideas are helpful but insufficient. In his view, reform is needed on many fronts simultaneously.

The questions and discussion section elaborated on such topics as the relationship between the Bank and the Fund, indexing (see also Chapter III, Trade and Commodity Problems), and debt moratoria.

BRIEFING

JAN-MAARTEN ZEGERS

Jan-Maarten Zegers, a national of the Netherlands, is presently the Special Representative to the UN of the International Monetary Fund. Educated at the University of Nymegen (Netherlands) and the University of Louvain (Belgium) he was a foreign correspondent and economic writer and later Information Officer for the IMF in Europe and Chief Information Officer, IMF, Washington.

The Seventh Special Session shares a number of concerns with the International Monetary Fund and some of these issues were discussed at the same time in New York and Washington, because the Annual Meeting of the Board of Governors of the IMF in Washington coincided with the first week of the Special Session. The partial overlapping of the two meetings resulted from the fact that the normal meeting date of the cabinet level representatives of the IMF's 127 member countries, i.e. the last Monday of September, would have taken place in the Islamic religious month of Ramadan. At the request of the IMF's Islamic member countries, another date was sought and it appeared that the first week of September

was the only one in which adequate meeting facilities were available.

Nevertheless, the shared concerns of the Special Session and the IMF meeting did not surface at the same time as a mere coincidence. The current international monetary uncertainty which began in 1971 with the breakdown of what is usually referred to as the Bretton Woods system, has had a serious impact on international economic relations. Both the IMF and the United Nations have been much concerned with the search for a return to more normal conditions.

This was of vital importance to the IMF by the nature of its responsibilities. The IMF has three major functions. It has in the first place regulatory functions in that its Articles of Agreement, its basic constitution, require it, as is stated in Article 1, "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy." To accomplish this, the IMF seeks to promote a stable and orderly multilateral system of payments and to eliminate foreign exchange restrictions which hamper the growth of world trade. In order to assist countries in attaining these objectives, the Fund has as a second purpose that of providing financial assistance to its member countries with balance of payments difficulties. Its third activity is to provide its member countries with technical assistance, again with the same purpose in mind.

The breakdown of the Bretton Woods system has singularly complicated the first task and in many respects it has proven extremely difficult to build up a new system as balance of payments problems, in particular large shifts in the world's balance of payments picture, have continued to impede progress. In these circumstances the IMF has attempted to work towards a new monetary system that would gradually evolve as conditions permit it, rather than develop and implement a new fully articulated system. A first blueprint of a new system was developed by a cabinet level committee on reform of the international monetary system (the Committee of Twenty) but as financial uncertainties continued a more limited approach of an evolutionary nature was adopted.

At the same time, it was felt that the resources of the IMF should be expanded from the present $38 billion to approximately $50 billion in gold and various currencies.

Negotiations over the past year led to gradual agreement on essential components of a limited package agreement and at the Annual Meeting in the first week of September progress seemed sufficient to warrant the hope that the package could be acted upon at a January 1976 meeting in Jamaica of the IMF's twenty-member Interim Committee of Governors, which had conducted

the negotiations. The partial agreement at the Annual Meeting covered in the first place the increase in IMF resources by about $12 billion. Another major area of agreement covered the reduction of the role of gold in the monetary system through various understandings amongst major gold holding countries about the use of their gold. It also included an agreement that the Fund would return 1/6 of its gold to the developed gold holding countries and sell another 1/6—worth about $3 billion—at free market prices for the benefit of the developing countries, the proceeds to be deposited in a trust fund for those countries. Progress was also made on a number of other technical questions, including expansion of various IMF facilities for financial assistance, particularly also for the developing countries. The major outstanding issue remains the exchange rate system, which, since the breakdown of the Bretton Woods system, has moved from fixed par values for currencies to floating exchange rates. At the time of the Annual Meeting it appeared that the controversy could not be solved between the countries in favor of stable currency values, changeable only with the approval of the Fund, and floating currency relationships whereby currency values would only be determined by market forces. However, there seemed sufficient hope that this last major component of a package agreement could also fall into place in the coming months.

These various concerns were shared by the Special Session and there were strong pressures to stimulate progress in these areas, as reflected in the final resolution which asked the IMF to act upon these various issues.

THE FORUM

IRVING S. FRIEDMAN

Irving S. Friedman is Senior Vice President and Senior Adviser for International Operations at the First National City Bank of New York. From 1946 to 1964 he was with the International Monetary Fund and the World Bank. He has, at various times, been a Professor of Economics, a Fellow at All Souls College, Oxford, and is, at present, President of the Society for International Development. Dr. Friedman is also the author of numerous articles and books on economic development. His latest book is "Inflation—a World-Wide Disaster."

The focal point of my remarks today is on the implications of global inflation for the international development effort and the world economic order.

My views on inflation differ considerably from others. Modern inflation is novel. It is not the kind described in text books nor is the cure for modern inflation described in text-books. Governments today, with their emphasis on general monetary and fiscal policies or price and wage controls, are following text book remedies and not dealing with modern inflation.

Modern inflation is societal in its origins, effects, manifestations, and solutions. Social and political factors are completely interwoven with economic, financial, and monetary ones. Modern inflation is global and capable of very quick transmission from country to country. As a consequence, there are no national solutions. It is persistent and has been a worldwide phenomenon for over 30 years. The inflationary rise in prices and costs is affected by business cycles. Rates of inflation decelerate in the downswing and accelerate in the upswing. However, rates of inflation are unpredictable and unstable. It is unrealistic to assume a stable rate of inflation. As a consequence of the events of the last 30 years, there are worldwide expectations of persistent inflation, e.g., continuing price rises, despite cyclical changes.

The implications for the international development effort and the world economic order are of key importance:

(1) Uncertainty is greatly increased. This uncertainty extends over many areas including commodity prices, costs of capital goods, availability of food and other products, etc.
(2) Chronic additional balance of payments difficulties. More and more emergency devices like the oil facility become necessary.
(3) Disruption of development strategies. Earlier threats of disruption came mainly from erratic and inadequate inflows of development assistance and volatility of export earnings. Inflation has created many additional threats as well as enhancing old threats, e.g., errosion of the purchasing power of export earnings and monetary reserves.
(4) Global, persistent inflation means global economic disorder. It weakens all efforts in all fields to achieve a more stable and equitable world economic order. If allowed to continue, at some point it will completely disrupt such world economic order.

The "cure" for global persistent inflation cannot be found in sustained reduction in living standards for any portion of people. It cannot be found in increased employment, prolonged recession, or reduced growth. These are theoretical possibilities and not practical. The cure requires a combination of changes in the level and composition of total private and public demand and a substantial and continuing increase in output capacity. This requires increased growth and savings rates. These structural changes in demand and output require the complete overhaul of existing fiscal systems and much more flexibility in monetary policies.

A. CHARLES WOODWARD

A. Charles Woodward, a national of the United Kingdom, is Assistant Director of the European Department of the IMF since 1972. He is a graduate of the London School of Economics. Before joining the IMF, he served in the British civil service.

The well-being of all countries depends on the smooth functioning of the international monetary system but the system has not worked quite satisfactorily. In particular, the adjustment process has not worked as it should. The tripling of oil prices in 1974 had *two* effects simultaneously which conventional economics considers mutually incompatible: it aggravated the *inflationary* process and, by generating huge current account surpluses for the oil producing countries, carried a serious *deflationary* danger. Faced with the prospect of massive monetary surpluses in OPEC hands, the Committee of Twenty in January 1974 counseled that oil importers should accept the prospective current account deficits thereby avoiding the rapid development of deflationary policies, protectionism, and competitive devaluations which in all likelihood would have aggravated international monetary and economic growth problems.

Although the standards of external conduct since the beginning of 1974 have generally been good, industrial nations began to follow tight financial policies in order to counter double-digit inflation. The external payments position of the developed countries and the OPEC countries shifted radically from 1973 to 1974. In 1973 the OPEC countries had a payments surplus of $6 billion which in one year rose to $70 billion. The industrial countries which had an aggregate surplus of $9 billion in 1973 experienced a deficit of $12 billion in 1974. West Germany provided a notable exception; adjusting quickly to the impact of high oil prices, its balance of payments surplus rose from $7 billion in 1973 to $12 billion in 1974. But in 1975 Japan and especially the United States are also expected to see their current accounts strengthened greatly. The big shifts in balance of payments positions in favor of these three largest countries has, however, put unintended but nevertheless strong downward pressures on the balance of payments positions of the non-oil primary producing countries whose combined deficit is expected to amount to $50 billion in 1975, of which the poorest countries account for $35 billion. So far these countries have been able to finance their deficits with a combination of official aid and capital market borrowing (especially Euro-dollar borrowing), but there is a risk of defaults and this could lead to banking failures and a sharp cutback in imports which would affect adversely the whole world.

In order to move toward a resolution of world monetary problems, the industrial countries must move into an upward growth trend. This is not yet taking place, especially in Europe where Italy and the United Kingdom are still experiencing terrible inflation rates. In West Germany, capital market problems and concern about a tendency toward socialization of the economy has made the Government reluctant to take large anticyclical measures.

The IMF in these circumstances has in the past few years been taking on an additional role as a development aid-giving and aid-creating agency. This is an important change from the past when the IMF resisted efforts such as the link of SDRs to aid. The following developments and proposals have been made in the last two years and the last week at the Fund and Bank Annual Meeting which are likely to push the Fund further in this direction:

1. The International Monetary Fund's special oil facility, now in its second year, gives extra drawing facilities to member countries. Of the SDR 2.6 billion made available under the 1974 facility, over SDR 1.9 billion was made available to the nonindustrial countries. So far this year, of SDR 1.4 billion in purchases effected, over SDR 0.6 billion has been made available to nonindustrial countries.

2. A new subsidy account has been started for the 1975 version of the oil facility which is intended to provide loans under the oil facility at very low interest rates to the very poorest countries.

3. At last week's meeting it was agreed that the Fund would begin to dispose of its gold and that initially one sixth of the Fund's gold would be sold at free market prices and the profit or surplus value would be distributed in one way or another only to the less developed countries.

4. A trust fund is to be established to get its money in part from the profits of the IMF gold sales to assist in the financing of the balance of payments of the poorer countries.

5. A massive expansion of the existing compensatory financing facility of the IMF to cover unexpected drops in export earnings of the poor countries, an idea in which the United States has taken the lead, is now ready for consideration of the Fund's Executive Board.

6. A compromise agreement was reached last week for an increase in the resources of the IMF by a third to more than $40 billion, by increasing member nations' quotas, which will provide the Fund with more financial resources and give those that need to borrow a larger line of credit.

All this unavoidably raises difficult questions. Some parts of the vast package require approval in the U.S. Congress and other parliaments. The plan for disposing of the Fund's gold has not been worked out fully, and the operation will be a very delicate one if sales are not to depress the open market price for gold. All these issues are difficult in the present precarious situation. IMF gold sales, discriminatory in favoring the poor at the expense of

the richer countries, are at best limited. After all the gold is sold, what then? Perhaps additional SDRs may be created and used for further development aid to the less developed countries. But since agreements must be reached on wider questions of international monetary reform, solutions to these problems remain elusive.

JULIAN GRENFELL

Julian P. F. St. L. Grenfell has been special representative to the United Nations for the International Bank for Reconstruction and Development (World Bank) since 1974. A national of the United Kingdom, he was educated at King's College, Cambridge. Originally working in the fields of journalism and film and television advertising, since 1965 he has held several positions with the World Bank, both in Washington and Paris.

The World Bank is adapting its activities to help meet the crisis affecting the developing countries. The components of this crisis are: first, persistent world-wide inflation; second, greatly increased prices of petroleum and energy derived therefrom; third, deteriorating terms of trade; and fourth, prolonged recession in OECD countries. These, taken together have had a deleterious effect on their economic growth.

In the poorest countries—those with per-capita income below $200 per year—incomes have declined absolutely. In middle income countries, economic growth has not kept pace with population growth. The net result is that the gap between rich and poor countries has continued to grow and that for one billion people per-capita incomes in developing countries would only grow from $105 in 1970 to $108 in 1980, while those in the developed world would increase from $3,100 to $4,000.

If the developing countries are to experience very modest per-capita income growth rates over the next five years (1.2% for the poorest countries, 2.8% for the middle-income countries), the inflows of capital to them must reach levels of around $49 billion per year. This is compared to $36 billion of such capital transfers in 1970. Most of the capital has come from OECD countries and, more recently, the OPEC member. Yet the OPEC level of contribution cannot be sustained forever (they, themselves, are developing countries) and the developed countries are suffering recession. Where will the money come from?

The World Bank has programmed an assistance programme amounting to $40 billion over the next five years, and has established an intermediate lending operation known as "The Third Window" which will lend ½ to 1 billion dollars per year at a con-

cessionary rate of about 4½%. These operations are not meant to substitute for what the IDA can do, but to complement its activities.

This kind of financial assistance is insufficient for the job at hand. An economic growth rate of about 6% in the developing countries would be necessary to reach reasonable living standards. This would require capital transfers so vast as to defy contemplation. The developing countries must not only be recipients of developmental capital assistance, they must also experience improvements in their terms of trade, as discussed in an earlier Forum session. These trade patterns are heavily dependent on economic growth in the developed countries, which must break out of the recessionary grip now affecting them. 6% growth in the developing countries would increase their purchase of manufactured goods from developing countries by 15%; this is an example of the relationship.

But greater earnings from exports alone will not do the job either. The evidence is that the developed countries benefit more from free trade than the developing countries do. Thus, a two-pronged attack on the growth problem is needed: increased trade to generate foreign exchange earnings; *and* increased development assistance on concessional terms. These together would generate sufficient finances to sustain growth. The developed countries must not decrease their contribution to the multilateral financial assistance organizations as world trade patterns improve.

I. G. PATEL

I. G. Patel has been Deputy Administrator for the United Nations Development Programme since 1972, after having been closely connected with the formations of India's economic policy for almost two decades. He has at various times been a Professor of Economics, Economic Advisor for the Government of India and a representative of his government to UN discussions. He is also the author of numerous articles on economic development and Indian planning and development.

Aid organizations such as the United Nations Development Programme have emphasized since their beginnings, the creation of capabilities in the developing countries which will generate self-sustaining growth. As a part of technical aid projects, host country nationals received training. Then technical training institutions and research and development organizations were created to give the teaching-learning process a permanent foundation. In the future, development agencies should also strengthen

technical co-operation among developing countries, building on the talents available inside the developing nations.

Simple transfers of technology from the industrialized countries to the least developed countries at times brought about transfers of techniques which were inappropriate for the receivers. The developing nations must become both creators and transformers of technical development.

The developing nations generally want technology to come by itself, without the usual accompaniment of transnational corporations, management control, capital investment or financial arrangements. This is difficult to accomplish because much technology is in the private domain. In order to resolve the conflict between the private property issue and the desire of the receivers of technology to acquire "know how" without any strings attached, it could be useful for the governments of the wealthy nations to buy the technology from corporations and then to make the transfers directly to the developing countries without any investment implications.

Multilateral aid programs and the allocation of the limited resources are sources of conflict. Yet, recently in the UNDP Governing Council, with its majority of recipients, a reallocation of shares of aid in a way favorable to the least developed countries was achieved with the agreement of all concerned. The success in reaching this consensus, which required sacrifices from several underdeveloped countries, is an encouraging demonstration of the possibility of co-operation.

While monetary and technical transfers themselves will not solve the development problem, there is a crucial need for growth in these development resources. Two possible ways of creating this growth would be: 1) linking the creation of SDR's to the funding of development programmes and 2) taxing of commodities such as liquor or cigarettes or international travel (or all of these) with the proceeds going to the promotion of economic development.

A. RAMIREZ-OCAMPO

A. Ramirez-Ocampo is presently the Alternative Executive Director of the Inter-American Development Bank for Colombia and Peru. Previously he served as a legal counsel and economic consultant for a private firm, as an executive with various economic organizations, and as a professor of economics in Colombia. He has represented his government at many economic and financial conferences in Latin America, including LAFTA and UNCTAD meetings.

The meeting of the Group of 77 in Algeria agreed on the importance of monetary reform. Development aid has been less than 1 per cent of the industrialized countries' GNP, clearly an insufficient amount. Alternate methods of aid and transfers are needed to supplement past approaches.

During the Decade of Development the net transfer of real resources to the poor countries actually decreased. Instead of an 8 per cent GNP growth for the developing countries during the 1960s, they experienced only a 3.5% growth. This compares with a 6.2% growth for France during the same period.

Development loans are becoming more difficult to negotiate and conditions are imposed where the funds can be spent. The aid programmes are based on growth models which have not demonstrated that development goals will be reached. In 1974, the prices of developing country exports rose by 49% but sales rose only 27%. The gap between the industrial countries and the developing countries cannot be filled by aid programmes.

In many international decision-making bodies votes are not distributed on a one country, one vote basis. In general, money is given to those who are already wealthy, because they can offer proper backing for their loans.

International liquidity should be directly related to development needs and to the activities of regional development agencies.

The "soft window" operations of the World Bank are insufficient even if they reach $5 billion. Moreover these operations are mostly oriented towards countries with less than $250 per capita incomes, leaving many others without "soft loan" assistance.

Setting development goals can degenerate into wishful thinking. There should be a tax system to finance international development. Exchange rates should be altered to assist the developing countries. The $2.5 billion to be generated as an additional development money source through the sale of IMF gold is insufficient. Much more and different forms of international assistance are required.

QUESTIONS AND DISCUSSION

Q. Much has been made of the effect of increases in oil prices. What has been the impact of change in other commodities?

Woodward. It is clear that some other commodities have also risen in price, especially cotton and food. But the main commodity prices have fallen with world-wide recession. This fact, combined with the fact of steadily increasing prices of manufactured goods, has meant deteriorating terms of trade for the developing countries.

Friedman. While Mr. Woodward's point is generally true, there are important differences in each country's experience, as a function of the characteristics of its basket of imports and exports. Stagnant countries may show very favorable terms of trade if capital goods do not dominate the import basket.

Q. What will happen when the IMF sells its gold? After all, the money paid for it might reduce the world liquidity and funnel growth funds away from development projects.
Woodward: It depends on where the gold is sold and what the profits are used for. If the gold goes to central banks, then no difference is experienced. If the gold goes to private investors, then the process is analogous to open market operations and the associated liquidity patterns would apply.

Q. How do IMF decisions affect the World Bank?
Woodward: By creating and granting aid, the IMF is overlapping the World Bank's "preserve." But the IMF does not do project financing, which is the dominant activity of the World Bank.
Grenfell: The IMF and the World Bank complement each other's efforts.
Friedman: The emphasis should be on the *kinds* of financing involved. This contributes to a specious argument on competition among various aid institutions. The focus should be on the terms and timing of repayment as relevant data. There is no competition here . . . the needs are so great. Both the IMF and the World Bank have key roles in the growth process.

Q. Is there a relationship between floating exchange rates and unemployment in the industrial world?
Woodward: This is a difficult question and views differ on the relationship between these phenomena. The fact that these two phenomena have occurred at the same time may not however be a mere coincidence.

Q. What is the view of the IMF on commodity indexing?
Woodward: The IMF thinks it is better to stabilize incomes than prices. But efforts to accomplish this by indexation have not been successful. It tends to quicken inflation, especially during periods of changing rates of exchange. In other words, indexation is a device which has been used by some groups to avoid the consequences of inflation rather than for reducing inflation itself.
Friedman: Recent steps have been taken to tie commodity prices

to the rate of inflation. Payments in SDR's is a form of such inflation or adjusted indexation as each SDR represents a composite value of contributor currencies.

Q. How does the role of the American Export-Import Bank fit into the total aid picture?
Friedman: It is true that export-import loans are tied to aid at subsidized interest rates. As such, they are instruments of American economic policy. But the shortage of growth capital is so great that the Export-Import Bank is a welcome part of the total pool of such funds which taken together cannot meet the total development needs.

Q. How does the panel feel about proposals for a world-wide moratorium on the debt burden carried by developing countries?
Ramirez-Ocampo: If the moratorium is radically done, it will greatly limit the resources of the world's lending institutions. Although a moratorium would have certain advantages, it would have to be selectively applied considering the particular circumstances of the countries involved.
Friedman: There are many different debtors and creditors. Government creditors often renegotiate loan terms which, in effect, are moratoria. They do this to maintain certain advantageous political relationships. The multinational assistance agencies can hardly afford moratoria. After all, non-payment of their loans would *reduce* the amount of aid available, to say nothing of the disinclination of contributors to continue support of a lending institution which did not perform its expected creditor role. Finally, private institutions which loan funds for development investments would simply dry up as a source of such funds if they could expect no return on their investments, much less recovery of principal. Debt moratoria are not strategies for assuring long-run development assistance to poor countries.

ACTION OF THE SPECIAL SESSION

Section II of the Special Session Resolution (3362) refers to finance and monetary problems as well as to aid levels. Some of the paragraphs request and endorse what was agreed at the IMF and Bank meetings in Washington a few days earlier, others go further from the point of view of the developing countries, and others refer to matters never taken up.

For example: the Resolution states that the link between SDRs and development assistance "should form part of the consideration by the IMF" (the IMF did not go as far); that SDRs should become the control reserve asset of the international monetary system (the IMF agreed). A trust fund is called for from the sale of IMF gold (agreed on by the IMF); more funds are called for the Bank Group, particularly the IDA (agreed by the Bank); and UNCTAD is asked to consider convening a meeting on debt burdens (never mentioned at the IMF or Bank meetings).

The work of the "Development Committee" (see introduction to this chapter) of the IMF and the Bank is endorsed as is the expansion of the International Finance Corporation (IFC) by means of an international investment trust.

The Special Session calls for an increase in the participation of developing countries "in the decision-making process in the competent organs of international finance and development institutions", meaning in particular the IMF and the Bank. It also calls for the expansion of the compensatory finance facility of the IMF, which helps to mitigate earnings shortfalls of developing countries, and asks the IMF to consider a buffer stock facility.

NEXT STEPS

Obviously the place to watch for implementation of these monetary proposals will be the IMF, with a careful eye on the World Bank and its subsidiaries. The next meeting of the Interim Committee of the Fund will be in Jamaica in January 1976 and it will be interesting to see how much progress is made under the warm Caribbean sun on such yet unresolved questions as the SDR link and increased voting powers by the Third World.

The annual meetings of the Bank and the Fund (September 1976) will follow the Fourth Conference of UNCTAD (May 1976) where many of the same monetary issues will be thrashed out by a body which is historically more representative of and sympathetic to the concerns of the developing world.

As this report goes to press (mid-December 1975) a 27 nation Conference on International Economic Cooperation will be convened in Paris. One of the four working groups is on finance. It is possible that the Conference, which is limited to only nineteen developing countries and eight developed countries, will set up some sort of continuing structure for research and further consultation which will parallel—and perhaps duplicate—the machinery of the UN including the Bank and the IMF.

V

SCIENCE AND TECHNOLOGY

The availability of scientific knowledge and technological "know-how" is a key element in the growth of the developed countries and is, of course, greatly needed and sought after by the developing countries. The vast majority (95 per cent) of this knowledge and know-how is kept in the developed countries and most of it is expensive to obtain. The problem that has been concerning the international community for many years now is how to maximize the transfer and utilization of science and technology for developing countries.

The issue is complex. It involves the overall effect of science on the whole planet. The creation of synthetics causes economic problems for producers of raw materials such as fibres, rubber or tin. There are important environmental considerations. All of these points, and others, were touched upon during the far-ranging Forum discussion on this issue. For purposes of background, four aspects of the issue seemed to be most important to the panel as they began their discussion.

First, what technology is *appropriate* for developing countries? Many mistakes have been made by developing countries copying techniques from the developed countries which, in time, only produce continued dependence. The Lima Declaration from the UNIDO II Conference (March, 1975) suggested the establishment of an "industrial and technological information bank" to aid developing countries in the proper selection of advanced technologies. According to the World Economic Survey, 1974, technology appropriate to developing countries should be labor intensive, and does not necessarily entail the revival of older methods once practiced in industrial countries but rather the development of labor intensive technologies of a modern type. The

only satisfactory long term solutions lie in the development of the capacities of the developing countries themselves. Only this will lessen their dependence on the services of consulting engineers of the more advanced countries and the importance of off-the-shelf equipment (the "black-box" approach described later in this chapter) designed for very different circumstances.

Second, since the building up of scientific and technological knowledge needs to be done at the national level, how can governments get assistance to do this? What should be their priorities? How can they develop indigenous institutions? How can they gain access to knowledge elsewhere? [Some schemes, such as DEVSIS (Development Science Information System) are being worked on by the UN, UNESCO and private foundations, to provide a computerized retrieval system for scientific information.]

Third, how can the transfer of technology be accomplished? Both the International Development Strategy and the Programme of Action for a New International Economic Order talk about "the need for international action to assist the transfer of adequate technology on fair and reasonable terms and conditions." And they see the need for an international code of conduct for such a transfer. (See reference to UNCTAD priorities in the Next Steps section of this chapter.)

Fourth, unlike aid transfers or trade concessions, the transfer of technology cannot be done solely by governments. Most of the world's industrial technological "know-how" is owned by private corporations and their ownership is protected by what the developing countries believe to be an exploitative international patents system. (Whether this technology is, in all cases, applicable to developing countries is another point.) Both the Charter of Economic Rights and Duties of States and the Programme of Action for a New International Economic Order call for a code of conduct for transnational corporations (see chapter IV Employment and Industrialization for another aspect of such a code of conduct) and the newly-created United Nations Commission on Transnational Corporations has agreed to give priority to drafting such a code. One of the five purposes of such a code, according to the Programme of Action, would be "to assist in the transfer of technology and management skills to developing countries on equitable and favorable terms."

At the morning briefing of the Forum (September 8) *Klaus-Heinrich Standke*, the UN's Director of the Office of Science and Technology, outlines the UN programme of international and

regional studies and the work leading up to a major UN Conference on Science and Technology in 1978 or 1979 (the date and location have yet to be fixed).

The afternoon panel is chaired by *Alexander King*, formerly of OECD and now in the International Federation of Institutes for Advanced Study in Paris, who outlines the technological disparity between the rich and poor countries. He is followed by *Lord Ritchie-Calder*, the well-known British science writer, who decries the "black box" approach, and *Marcelo Alonso* of the OAS also emphasizes the need for developing countries to identify correctly their technological needs.

Nazli Choucri of the Massachusetts Institute of Technology describes several criteria for appropriateness. *Alok Chakrabarti*, originally from India and now professor of marketing at DePaul University lists the favorable conditions necessary for the transfer of technology and the methods to achieve it. And finally, *Mark Thompson* of Harvard University touches on the role of the International Institute of Applied Systems Analysis at Laxenburg, Austria, and on the crosscultural problems of the agreed application of technology.

The Forum presentations in this chapter (with the exception of Dr. Standke) are brief. More elaboration of the afternoon panelists' points of view are to be found in the questions and discussion section.

BRIEFING

KLAUS-HEINRICH STANDKE

Klaus-Heinrich Stadke has been Director of the UN Office for Science and Technology since 1974. A national of the Federal Republic of Germany, he was educated at the Johann-Wolfgang Goethe University in Frankfurt and the Technische Universitat in Berlin. He was with the Directorate of Scientific Research of OECD, and for the period 1969-74 was Secretary General of the European Industrial Research Management Association in Paris.

The subject of science and technology was not mentioned in the Charter of the United Nations. We have, since the creation of the United Nations, however, witnessed an increasing interest in this field, which has been demonstrated mainly through the creation of the specialized agencies in the United Nations system. We

have today, as you know, more than 30 specialized agencies such as UNESCO, WHO and WMO and bodies such as UNIDO and UNCTAD plus the regional commissions which all have in their programmes the very important element of science and technology.

On the political side, three years ago a main body was established, through which governments are able to speak to the whole United Nations system and to indicate their desires and any new directions they may wish to impart, the Committee on Science and Technology for Development. But I think the main concern of all governments still is that nobody knows who is doing what in the UN system. There has been no joint effort up till now to meet this concern and governments are more and more impatient about this.

This has been reflected in the proposals made of the Group of 77 which constituted the main basis for the agenda of the Seventh Special Session. The main proposal contained in the item dealing with science and technology of the agenda of the Seventh Special Session, deals with infrastructure. The developed countries should co-operate with developing countries in the establishment, strengthening and development of their scientific and technological infrastructure and take other appropriate measures such as the establishment of industrial technological information banks. What is behind this? There are two figures which I would like to quote. Ninety-five per cent of what might be called the intellectual capacity of the world, or its science and technology potential in the form of number of scientists and engineers existing today, is in the hands of very few countries. These are the industrialized countries, organized politically in the framework of OECD, or COMECON.

The other figure deals with availability of technology. It is said that eighty per cent, or four-fifths of the world's technology is free, in other words, not protected by patents or by other regulations. The main interest placed on this Special Session is how to bridge the technological gap, to enable the developing countries to use the existing potential of science and technology in the future better than in the past, in the interest of their economic development. Even if an organization existed today which would be able to transfer all the technological data presently existing free of charge and free of patent restrictions to interested parties of the world, the situation would probably not be much better. This is one of the main contentions of the Group of 77 that in most of the developing countries there is no adequate receiving entity, no adequate infrastructure by which to use this potential and to exercise selecting criteria. It is very easy to send kilometers of tapes with information to these countries, but who is to exploit such information and how, who will select the proper criteria for the adaptation of existing knowledge in these countries? Therefore, and not by chance, the initial efforts of the Group of 77 have been directed towards the improvement of the infrastructure.

A second issue deals with research and development. The request is that developed countries should significantly expand their assistance to developing countries in research and development programmes and in the creation of suitable engineering technology in accordance with given targets to be formulated.

What is the reason for this? For centuries now some of the developed countries have undertaken research and development efforts with one goal or motivation in mind, to further their own economy, to build up their own industry, and to foster and accelerate the process of innovation in the form of new products or new processes, and to export these goods and processes to other countries. Later, direct investments were made in foreign countries so that local production, based in many cases on developed country research efforts, could replace imported goods. One cannot say this concept is oriented against the Third World; we find the same phenomenon, also, in arrangements among the industrialized countries themselves, namely, that the research and development efforts even of multinational companies are done in the home country.

This has the unfortunate result for the technology-receiving countries that they get the product, they get the cars, they get even the production facilities with it, but they don't get the thinking behind it. Therefore, the developing countries have insisted in their transactions that they do not want only plants but also the research capacity located in their country so that through this learning-by-doing process they could become more independent. I think that this is the main point behind the resolution of the Seventh Special Session and the Group of 77.

But would this be realistic? Can one force, can one persuade, in a case where the results count, the industrialized countries to look not only into their own future problems through their research and development activities, but rather to direct a good part of their activities towards problems which have no immediate geographic relevance for them in foreign countries which are geographically distant in the so-called Third World. The matter touches on objectives of private industry. The question is complex but even in the Western countries where governments can claim limited influence over industry, there are possibilities through tax incentives, through the creation of markets, etc., but there are many legal difficulties on the governmental side in the way of this progress. I think it is important, and the point is being made here, that a higher percentage of that 95% potential should be used in the future for the benefit of developing countries.

The third issue with a high political appeal in the field of science and technology with which the Seventh Special Session will be concerned is the proposed code of conduct for the transfer of technology. I said earlier that the technology transfer process is

most important for the industrialization of the world. It is a very interesting process to analyze the last 200 years of industrialization among the Western countries themselves. But this is now a process which has come to a certain end. We have reached a saturation point in this process of industrialization in the West, and the next phase concerns the benefit that can be derived by the developing countries from this process of industrialization. In the world industrial outlook today, the developing countries have only seven per cent of output. Their target very obviously is to increase this seven per cent, and the Second General Conference of UNIDO held in Lima in March of this year has put forward as one of its recommendations that a target of twenty-five per cent of the world industrial output should come from developing countries by the year 2000.

In order to achieve this goal, they should have access to technology and a plan for the years to come. So far the negotiations on how to obtain this technology have been done mostly on a private basis. At one end you have the company from the country which is going to transfer the technology to another country and on the receiving end you have the government, or a local company or a subsidiary of the parent company in the industrialized countries, that negotiates a contract on which the technology should be transferred. UNCTAD, in particular, has been dealing with this question and has published very revealing figures on terms on which technology has been transferred. They demonstrate that these terms are not as forward-looking as the terms have been among equal partners, for example, France and Germany. So what is called for now is to define a legally binding code of conduct for the transfer of technology from developed to developing countries. This code of conduct should be adopted not later than the year 1977, as a matter of highest urgency. One of the stated aims is to review the world patent system in order to take into account the interests of the receiving countries.

The fourth issue of this mosaic on science and technology deals with "informatique" or science and technology information. The reasoning behind this, as has been said here, is that the developed countries should facilitate access of developing countries to "informatique" on a preferential basis, to relevant information on technologies suited to their specific needs as well as new uses of existing technology, new developments and possibilities of adapting them to local needs.

What is behind this point? Most of this technology or a high percentage of it is not suited to the needs of the receiving countries. Developing countries often find that they have to use, because they have no other choice, technologies which they have been offered in the form of products or of patents, licenses, know-how agreements, direct investments of plants, but where the

technology is not necessarily the most appropriate for their needs. Also, the technology which is received by the developing countries is in some cases obsolete, based on the technology of yesterday. The Group of 77 has made a strong point that access to the existing knowledge should be facilitated to them on a preferential basis and that the most relevant technological information should be given. There have been other points dealing with the creation of new institutes on energy research on the agricultural side; all these have an impact on science and technology, but from a more specific angle.

A fifth issue of interest to the United Nations is the proposal of a new structure for the United Nations system. (See chapter IX Global Structures) The report of the Group of Experts on the subject analyzed whether the United Nations after 30 years is organized in a form which responds sufficiently well to the needs of the Member States, and made a number of specific recommendations. In the field of science and technology, my Office in particular, looks after four different committees: the CSTD, ACAST, SAC and the ACC Sub-Committee on Science and Technology. The Group of Experts in their report on the restructuring of the United Nations system has proposed that three out of these four committees should be abolished. This is a far-reaching conclusion if ultimately adopted by the General Assembly. Of course, more thinking is necessary to see whether this is a good or bad move. I think it is useful to know what these committees do. They have different functions.

One is the Committee on Science and Technology for Development (CSTD). This is a specialized body consisting of representatives of 54 Governments, the usual United Nations equitable representation from various parts of the world. This is the highest organ, created about three years ago to supervise all the activities of the United Nations and the UN system in the field of science and technology. This Committee should disappear in the opinion of the Group of Experts. They would rather have the Economic and Social council itself deal with this question. We feel that science and technology, being abstract and difficult to circumscribe, must have available the expert opinion of these committees. It would be inadequate if only political members talk about a subject we feel should be discussed by specialists.

The second committee of interest is the Advisory Committee on the Application of Science and Technology to Development. It is comprised of 24 people appointed in their personal capacity by the Secretary General to advise on new development in science and technology which could be translated into terms of action for the United Nations system, to ensure that the main stream of the world's thinking in science and technology is followed. In the opinion of the Group of Experts, this Committee should also be

abolished and be replaced by *Ad Hoc* panels where experts will be invited to consider given questions such as new energy resources, pollution, tropical diseases, etc. The value of advice given by experts who then go home and who are not members of a permanent body is questionable to me.

The third Committee is the Scientific Advisory Committee, consisting of seven high-ranking scientists from various parts of the world that Secretary-General Hammarskjold called together to advise him personally on matters dealing with science and technology. In other words, how the political element, which is of main concern to the Secretary General, and developments in science and technology could be interrelated. It is proposed that this Committee should also be abolished and replaced by a science adviser to the Secretary-General.

The fourth Committee which is the only one which can survive In the thinking of the Group of Experts is the ACC Sub-Committee on Science and Technology where the Director for Science and Technology is the Chairman. This Committee, composed of representatives from the specialized agencies, convenes once or twice a year to discuss implementation of the various decisions which have been taken by the Economic and Social Council, by the General Assembly and by the various other competent organs.

My last point is to explain what has already been done by the United Nations Secretariat in connection with the proposals we have heard and seen adopted in the last few days. Unlike most of the other main United Nations conferences whose visible results took the form of world plans of action, in the field of science and technology we are in the fortunate position that such a Plan of Action for the Application of Science and Technology to Development has already been prepared. Unfortunately, plans of action tend to remain pieces of paper on the bookshelf if no political will is behind their recommendations. I think, therefore, that this Special Session is very crucial in that sense. The World Plan of Action for Application of Science and Technology to Development is a very detailed document dealing with natural resources, education, food and agriculture, industry, transport, communications, housing, building, health, population, etc. The concepts and requirements for action have been formulated: the missing element, the most important, is the implementation. Although interest has been aroused in this declaration, so far no world action has followed. Many governments are certainly using this document and, furthermore, regional plans have been elaborated on the basis of it. But the global approach is missing, so far. We do hope, therefore, that the full potential of the World Plan of Action will come into its own over the next two or three years of preparations and emerge with new force on the platform of a World Conference on Science and Technology. It is necessary for the Conference to launch new efforts on a global

scale to deal with the main issues of development for the benefit of developing countries. On the other hand, it is also felt by many of the Member States that this United Nations Conference should also deal, in the interest of all nations, with problems of science and technology in developed countries as well in order for it to be a true World Conference, and to underline our common destiny on the planet Earth. The Conference should analyze the survival aspect of humanity taking into account the figures which we all know about doubling of the world population before the end of this century and then the tripling of it in the middle of the next. I venture to say that any action recommended today will not have any visible fruits before another 15 or 20 years. Unfortunately, for the prognosis of science and technology, they do not seem to be themes which are very close to the heart and thinking of many political leaders because they are naturally more interested in immediate and tangible results, whereas science and technology are rather long-term-oriented. We do not have a world government. It is unrealistic to believe that our generation will have a world government in its lifetime. Therefore, there is no world decision possible by which to launch actions. The actions concerning science and technology, as I have described earlier, are at present initiated for national considerations. There however are many people who are interested in the welfare not only of their own country but of the world as a whole. For the time being, I think the United Nations is best equipped and possibly the only forum where this world interest can be harnessed for the creation of an awareness of the world problem and for suggesting action.

THE FORUM

ALEXANDER KING

Alexander King is Chairman of the International Federation of Institutes of Advanced Study of Stockholm and is co-founder of the Club of Rome. He took his doctorate at the Imperial College of Science in London and taught physical chemistry there for some years before becoming Deputy Science Advisor to the wartime Minister of Production in England. He was later Head of the British Commonwealth Scientific Mission in Washington, Head of the British Cabinet Scientific Secretariat, before becoming Director General for Scientific Affairs and Education at OECD in Paris, a post which he relinquished last year.

It is necessary to first clarify the concepts of science and technology. Science depends on the open availability of scientific documentation and should be considered part of the general mosaic of the world's knowledge. Technology, on the other hand, concerns the translation of scientific ideas into articles of practical usage. The technology created by engineers is property belonging, for example, to a state, a corporation, or an individual. Patents exist to protect these property rights.

The early technological developments of man, such as the wheel and various tools, helped to raise him out of primitivism. But, historically, technological development has been characterized by ad-hoc and uneven progress. It is only vis-a-vis the industrial revolution that the development of new technology has moved forward on a systematic basis.

The technological disparity between rich and poor nations is intolerably great. This gap must be diminished inasmuch as science and technology are the major tools of development. Presently over 90 per cent of the world's research and development is carried out in the developed countries. The "new international economic order" seeks to inject more equality into the international system. It is necessary to quicken the pace of technology transfers from the developed countries to the LDCs. However, it is important that the technology exported be adapted to the needs of the LDCs. There is a strong need for labor intensive technology in view of the world's rapidly multiplying labor force.

It is also important that the long lead-time involved in the implementation of technological advances be taken into consideration, generally taking from 30 to 35 years to apply a new technological breakthrough. For example, twenty-five years elapsed before France was able to successfully apply its technological know-how regarding the production of electricity from a nuclear reactor.

LORD RITCHIE-CALDER

Lord Ritchie-Calder of Balmashanna, a life peer since 1966, is a Senior Fellow, Center for the Study of Democratic Institutions. As a journalist specializing in science and technology, he has won the Kalinga International Award for Science Writing (1960) and the Victor Gollanez Award for Service to Humanity (1969). He is the author of numerous books and articles relating to Science and the UN System.

Nearly all research and development efforts are carried out in the developed countries. Technological transfer, as such, should be organic, not a mechanical process.

The "black box" approach to technological transfer is insufficient. The recipients must be able to understand much of the technology they are getting and using. Without this understanding, there is a shortage of indigenous innovation.

The lead-time for internal innovation in the less developed countries may take two generations. One generation to educate, one generation for technological creativity. But the developing countries right now need people to make appropriate purchases of technology. The things they buy now must enhance their future development. Moreover, effective incentive programs have to be created to stimulate research and development and technological transfer because laws will not be able to take the place of incentives. Most importantly, what we do "with" people succeeds. What we do "for" them usually fails.

MARCELO ALONSO

Marcelo Alonso is the Director of the Department of Scientific Affairs of the Organization of American States. He received his doctorate in Physics and Mathematics in 1942 from the University of Havana and was a post doctoral fellow of Yale University 1943-44. His field of specialization is Theoretical Nuclear Physics and Quantum Mechanics. Dr. Alonso's publications include Quantum Mechanics: Principles and Applications; Physics; Fundamental University Physics; Theoretical Physics. *He has contributed numerous articles to newspapers and scientific magazines.*

To place the discussion of science and technology within the framework of development, we should keep in mind that development refers to a group of individuals, possessing shared cultural values, who interact to achieve their needs. Development is a continual process which is not bereft of conflicting elements. Some societies have, historically speaking, been better situated to satisfy their needs than others thus leading to the present situation wherein certain societies have reached a higher level of development than others. Development depends among other things on the proper use of nature. To assure a true beneficial development, mankind must establish methods for using nature to its benefit without destroying it.

Science and technology are growing increasingly closer, yet there is an underlying difference. The scientific endeavor is basically the generation of knowledge for the sake of knowledge, whereas technology concerns the generating goods, processes and

services of economic value from scientific knowledge. As such, technology is a commodity which may be marketed. The motivation for technological development comes from an interested party, e.g., an entrepreneur or a government which recognizes a need or a market. Someone or some organization, willing to assume risks, must provide the funds needed to produce technological innovation through research and development.

Less developed countries have a relatively limited capacity for producing technological innovation and therefore depend more heavily on the technology transferred from otner sources.

Technology transfer is one of the characteristics of an increasingly interdependent world. The development plans of the developing countries depend on the flow of technology from the developed countries. No less important is the capacity of the importing countries to correctly identify their technological needs. An importing country which has not developed this capacity may only succeed in multiplying its development problems.

NAZLI CHOUCRI

Nazli Choucri is Associate Professor of Political Science at MIT working in the general area of public policy and problems of development. She is the author of Population Dynamics and International Violence: Propositions, Insights and Evidence *(1974) co-author (with Robert C. North) of* Nations in Conflict: National Growth and International Violence *(1975), and is completing a study of energy problems entitled* International Politics of Energy Interdependence: The Case of Petroleum *(1976)*

Technological transfer often implies the replacement of economically efficient production methods with more efficient methods. There are no standards for evaluating relative efficiency except by using the standards of the specific society where the application is made.

It is necessary to evaluate the appropriateness of the technology to be transferred across national boundaries, The following nine questions are offered as criteria for determining the appropriateness of the technology to be transferred:

1. Does it contribute to enlarging the gross domestic product (GDP)?

2. Does it enhance consumption? and if yes, what are its implications for savings?

3. Does it maximize the rate of economic growth? Growth rate maximization, of course, might hinder consumption expansion.

4. Is it conducive to the reduction of unemployment independent of prevailing population growth trends?
5. Does it lead to income and wealth redistribution?
6. Does it promote regional development within the technology importing country?
7. Does it help in coping with balance of payment problems?
8. Does it promote political development, enhance local institutions, improve government performance, and promote national cohesion?
9. Does it contribute to the overall improvement of the quality of life?

In applying the nine criteria, it is worth noting that some inconsistencies are likely to arise. The multinational corporations are profit maximizers and cost minimizers. The relevant governments at the same time are attempting to attain several goals simultaneously in ways which do not give economic efficiency top priority. When decisions are made by multilateral bodies, it is questionable whose criteria are to be used for evaluations. In conclusion, decisions must be made using the criteria of those who will be ultimate users of the technology.

MARK THOMPSON

Mark Thompson is Assistant Professor at the Harvard School of Public Health and the Kennedy School of Government. He received his doctorate in public policy in 1973 from the John F. Kennedy School of Government at Harvard University. For three years he served as assistant to the Director and as a research scholar at the International Institute for Applied Systems Analysis in Laxenburg, Austria. Dr. Thompson's publications include Evaluation for Decision in Social Programmes, Evaluating Health Program Impact *(part author), and* Systems Aspects of Health Planning *(co-editor).*

The International Institute for Applied Systems Analysis studies the complex problems that have arisen in all societies with the spread of industrialization. It adapts the most appropriate analytic techniques—not necessarily the most sophisticated or abstruse techniques—to difficult decision situations. Among the foci of analysis are the international patterns of economic growth and the spread of technology. Special emphasis is placed on problems requiring both a cross-cultural and an interdisciplinary approach, IIASA recognizes an obligation to couch its methods and reasoning in terms that are comprehensible to the intelligent

layman—whether they include governmental decision-makers or the interested private citizen.

One of the first organizational efforts has been to create an information net which monitors and compiles the work of scientists all over the world. Thus, interconnections, parallelisms and contradictions in research paths may be identified and fit into a larger matrix of worldwide scientific activity.

The impact of this scientific endeavor is now being assessed by the use of risk analysis and scenario building. Through such work as this, the nature of the contribution, as well as the dangers, of science and technology to world economic growth may be assessed.

ALOK K. CHAKRABARTI

Alok K. Chakrabarti is Assistant Professor of Marketing at DePaul University in Chicago. His educational background includes chemical engineering, business administration and management science. He completed his Ph.D. in Industrial Engineering and Management Sciences at Northwestern University in 1971. Professor Chakrabarti spent a year at the East West Center in Honolulu as an invited Fellow and travelled in South East Asia and Indonesia on a Rockefeller Foundation project. His research interests are in the areas of innovation and new product development. He led research studies in these areas while he taught at Northwestern prior to joining DePaul. Currently he, along with his colleague, Dr. J. Comer, has a grant from the National Science Foundation to study marketing and distribution of technical information systems and services. His articles have appeared in British, Indian, and American journals.

Technology is the production function which specifies the relationship between all inputs, including organization and management, and the quantity of output created by the production system. Technology has become one of the important international trade commodities. The developing countries have a strong need for imported technology because the alternative of creating their own technology is too time-consuming and prohibitively costly.

For successful technological transfer to take place several favorable preconditions must exist. Three essential factors can be noted in this regard:

1. Transferable technology must be produced in one or several countries;

2. A mechanism has to exist or to be created which can implement the transfer from donor to recipient country or organization;

3. Environmental factors, which are extraneous to both the producer and the potential user of technology, must be tuned toward facilitating the transfers. Local legal constraints both in the technology exporting and the technology receiving country, international laws and multinational transfer agencies must aid the research and development exchange effort.

The social aspects of development must be considered in advance. The indiscriminate transfer of technology not geared to the needs of the recipient can be counterproductive.

In evaluating available technologies, their costs of acquisition, their likelihood of early obsolescence and their compatibility with the adopting units must be carefully evaluated.

The major sources of technology are private companies, private research and development institutions and governmental technical and production agencies. Effective "linking mechanisms" can ease the flow of technology from these primary sources to the organizations which are in the market for research and development capability.

Five methods of technology transfer can be identified:

1. Parent company-subsidiary relationships in which the parent company gives or sells know-how to its foreign subsidiary;

2. Joint ventures in which two companies form a third organization in order to partially transfer and utilize their separate know-hows;

3. Engineering contracts in which a contractor develops the needed capabilities for a specified fee;

4. Licensing agreements through which a producer is permitted to use another producers' technology under a contractual arrangement;

5. Technical aid and exchange programs which include unilateral flows without compensation or *quid pro quo* exchanges of technical information.

QUESTIONS AND DISCUSSION

Q. Can the panel say anything about the present state of the international patent system and its effect on technology?

Ritchie-Calder: Patents are restrictive in nature, and tend to impede the transfer process. Yet they do terminate, however much their owners may try to make it appear that they don't and there is much technology available to the world from expired patents.

King: Scientific discovery is unpatentable. The technology which

is intimately related to economic growth is. It is the responsibility of the developed countries to reduce patent royalties on technology which is patented, and which is desired by the poorer of the developing countries.

Chakrabarti: The patent system does not affect the transfer process. The problem lies in the cost of royalties and the pricing of licenses.

Alonso: The value of patents is directly proportional to the incapacity of the receiving country to understand the technology which is patented. Greater technological sophistication would enable receiving countries to bargain more effectively over royalty charges and licensing fees.

Q. How can systems analysis be applied to developing international mechanisms which will assure more effective transfer of technology?

Thompson: The effectiveness of the effort to intervene in the transfer process is a function of the number of growth indices upon which they focus. Systems analysis seeks to include, in a rational way, the greatest number of relevant variables which impinge on the transfer process.

Q. What do the "peasant" populations need in the way of technological development?

Choucri: First, communication from the peasantry to the governments deciding on this question is needed. Second, we really can't know what is "appropriate" technology for the peasant. We don't want to impose potentially inefficient (which is not to say unsophisticated) technology on them, but they are often inarticulate on the subject. Third, although the "green revolution" has been technologically successful, it has not been politically or socially successful. In short, we do not know what the peasants need.

King: Often the question of technological improvement does not enter the minds of the peasants. The approach should be the simple application of labor without altering its cultural patterns or social structures.

Ritchie-Calder: The first thing to do is find out what people are doing efficiently, then direct technological improvements there.

Q. Technological transfer by multinational corporations is not usually likely to be "appropriate", yet they are responsible for much such transfer.

Chakrabarti: In fact, the multinational corporations have trans-

ferred much useful technology. But what is really needed is a more positive approach by the receiving countries. They should demand that the multinational corporations make appropriate technology available, and "open the black box."

Alonso: As developing countries become more sophisticated in their understanding of technology, they will be able to demand more of the multinational corporations. For example, when a nuclear power plant was purchased by Argentina, the Argentinian engineers were able to demand a re-write of the purchase contract which would permit many component parts to be produced indigenously.

King: The capital intensive model of technological development is often inappropriate for the developing countries. Yet that is the quality of the output of these corporations. The developing countries are looking for sophisticated labor intensive technology. That is what they demand.

Q. Is there meaning to the phrase "post industrial society"? Do the developing countries have to go the same route of technological development as the developed countries? Is full employment possible?

Ritchie-Calder: We are not in the "post-industrial" era. This is a useless cliche. And the developing countries do *not* have to go the same route. The patterns of technological development over the next 30 years will be under the worldwide apprehension that "things could be better", but with the parallel awareness that past patterns are no guide to the future.

Thompson: What is the meaning of "full employment"? Maybe the goal should be the ability of a system to permit people to find meaningful productive experiences of choice in an atmosphere of political, social and economic freedom.

Q. Is the goal of international redistribution of wealth through technological transfer a realistic one?

King: The reduction of income inequality across nations is largely a matter of political will. The problem is to generate sufficient insight to use present technology imaginatively.

Alonso: The gap between the developed and the developing countries is becoming more pronounced in terms of the relative production of science and technology. Yet in terms of the ability of the developing countries to *use* available technology the gap is narrowing. Japan illustrates what is necessary: 1) a policy of technological growth, 2) a people ready to take highly technical

jobs, 3) a great information system, and 4) tremendous pretraining of the labor force.

Q. Over 90 per cent of "Research and Development" (R&D) activities take place in the developed countries. Have any judgments been made on the quality of this work in terms of its relevance to economic growth?
Chakrabarti: Of the R & D done in the developing countries (the remaining 10 per cent), most is academic in quality, and largely divorced from the productive process.
Alonso: The results of the vast investments in R & D are not very useful for economic development. Transistor technology, computing machinery and the like are not relevant. The gains from this work have benefited very few, because, after all, R & D is not really oriented to the problem of economic growth.
King: The direction of R & D in the developed countries has been oriented towards 1) defense, 2) prestige, 3) consumer product improvements. Any new world economic order will require a reordering of these R & D priorities, with emphasis on economic development.

Q. How realistic is it to expect the developed countries or the multinational corporations to contribute to an indigenous research development program in the developing countries?
Ritchie-Calder: The developed countries can "instigate" by demonstration that which is possible. More importantly, however, they must work together with the developing countries in finding and applying appropriate technology to their needs.

ACTION OF THE SPECIAL SESSION

Section III of the Resolution of the Special Session deals with Science and Technology. It calls for the strengthening of the scientific and technological infrastructure of developing countries by many international means such as the establishment of an Industrial Technology Information Bank (from the Lima Declaration), an International Centre for the Exchange of Technological Information, and an International Energy Institute (from the U.S. position paper). It endorses the need for a code of conduct for the transfer of technology and freer access by developing countries to scientific and technological information in the hands of the developed countries or their private institutions. Mention is also

made of using technology to improve health services, and of taking steps to avoid the "brain drain" of qualified personnel from the developing to the developed countries. Finally, the Resolution calls for a UN Conference on Science and Technology in 1978 or 1979 and underlines the major role which the UN system should play in this whole matter.

NEXT STEPS

Many parts of the UN system are involved in the issue of science and technology. Those cited in the Special Session Resolution or earlier resolutions include the UN itself (Office of Science and Technology), UNCTAD, UNIDO, ILO, UNESCO, FAO, WIPO, UNDP, WHO and UNICEF. These particular developments are worth watching by NGOs in the near future.

First the plans for a UN Conference on Science and Technology will be worked out by the Intergovernmental Working Group of the Committee on Science and Technology for Development. The Special Session outlined the agenda for such a Conference as:

(1) strengthening the technology of developing countries to enable them to apply science and technology to their own development;
(2) adopting effective means for the utilization of scientific and technological potentials in the solution of development problems of regional and global significance, especially for the benefit of developing countries; and
(3) providing instruments of co-operation to developing countries in the utilization of science and technology for solving socio-economic problems that cannot be solved by individual action, in accordance with national priorities.

Second, UNCTAD IV in Nairobi in May 1976 has these questions of science and technology on its agenda, as was explained by UNCTAD's Secretary General Gamini Corea in his Forum presentation:

". . . there are three issues in which UNCTAD IV might be able to take some decisions. One is on the modalities of the code of conduct for the transfer of technology. UNCTAD has engaged a group of governmental experts to draft a code of conduct for the transfer of technology. This draft code will not be ready by the time of the Nairobi meeting, but the meeting could take a decision on what

kind of code it is going to be. Is it going to be a legally binding code? Is it going to be just a set of principle? Is it going to be a guidelines? Is it going to be a combination of these? A second pertains to the revision of the patent system. The Paris Convention on Patents has been revised but UNCTAD has made an input on the economic side of the patent system and some decisions as to how the distribution of the patent system could evolve in the future would come up for discussion and decision at UNCTAD IV. And, third, in the realm of transfer of technology there is the need to launch a programme of action on strengthening the whole technological base of developing countries. Reducing technological dependencies through a package of measures would help developing countries strengthen their technological base."

The Special Session Resolution pushes UNCTAD to have a decision on such a code of conduct by UNCTAD IV with the objective of its adoption before the end of 1977.

The third development worth watching will be with regard to transnational corporations. The Resolution of the Special Session did not go too far on this point but the Programme of Action for the NIEO clearly gives it high priority. The place to watch for action will be the UN's Commission on Transnational Corporations. (See chapter VI for more discussion on transnational corporations.)

VI

EMPLOYMENT AND INDUSTRIALIZATION

The Forum combined the two issues of employment and industrialization into one afternoon of interrelated discussion. While the debate in the Special Session itself concentrated rather narrowly on the rate and method of industrialization in the developing countries and on the touchy issue of the redeployment of industry, the Forum discussion touched on many other related subjects such as the use of appropriate technology, the role of women in the labour force, and the often divergent roles of multinational corporations and trade unions.

Judging by the targets set in the International Development Strategy the growth of industrialization, overall, in the developing countries has been good over the last few years. Between 1972 and 1973 it was 9% growth, and between 1973 and 1974 about 9.5%. But this growth has not been shared evenly by the developing countries, and the situation still exists where many developing countries depend for almost all their export earning on raw materials with no processing whatsoever.

The Special Session discussion is bracketed in time by two important UN Conferences—the Second General Conference of UNIDO (United Nations Industrial Development Organization) held in Lima in March, 1975, and the World Employment Conference (ILO) to be held in Geneva in June, 1976.

The "Lima Declaration" was one of the most controversial documents to come out of a UN meeting following the adoption of the Declaration on a New International Economic Order at the Sixth Special Session in April 1974. Developing countries pointed out that while they have 70% of the world's population, they have only 7% of the world's industry, and they have advocated that a

target of 25% of the world's industry be located in developing countries by the year 2000. On several issues at Lima, namely on indexation (see Chapter III on Trade and Commodity Problems), on sovereignty over natural resources (including the right to nationalize property), and on producer associations, there were split votes between the Group of 77 and some of the developed countries. Yet the Lima Declaration was the basis of the Group of 77's position on industrialization at the Special Session and it is interesting to note the results (See Action of the Special Session to follow).

Despite a rather rapid growth of industrialization; the developing countries have been worried about the slow rate of growth of industrial employment. In part, this is due to the importation of non-labor intensive industry and to the lack of an integrated approach to industrialization and employment so that all materials used in any particular industry can be produced locally. The fact is that some 300,000,000 people are presently unemployed in the developing countries and by the year 2000 there will be a need to create, by ILO estimates, at least one billion new jobs. Industrial employment must absorb a considerable proportion of this.

Against this background the Forum brought together six panelists coming from very different backgrounds and, at times, showing very different points of view. The chairman is one of the "grand academics" of the development set, Professor *Hans Singer* of the University of Sussex. In his introductory remarks he links the employment and industrialization issues, pointing out that it is only productive (renumerative) employment that is important, not employment for employments sake, and that appropriate technology is the key to creating incomes. It is interesting to note Singer's point that all other aspects of the new international economic order, such as commodity agreements, aid, buffer stocks, indeed everything else will not produce development if they do not produce employment and these other indices are as useless as simply measuring the GNP.

Appiah Pathmarajah, whom we heard from in Chapter II, Human Values, returns to this panel to talk specifically about the World Employment Conference and he points out that two of its four agenda points deal with industrialization: namely, the employment creation potential of transnational corporations and the use of appropriate technology.

The role of women in industrialization, and the historic, economic and social effects of women entering the labor force are

dealt with in considerable detail by Professor *Nadia Youssef*, an Egyptian, now teaching in California.

The final three panelists touched on the role of transnational companies in providing both industrialization and employment. *José Antonio García-Belaunde*, a Peruvian diplomat at the UN, describes the stringent conditions under which countries like his are allowing transnational companies to operate. *Donald Guertin*, a senior official with Exxon Corporation points to the exploitation at times, of corporations by governments and reminds the Forum that governments, because they are sovereign, do have the upper hand. And finally, *Esteban Torres*, a union official with the United Auto Workers, discusses the exploitation of workers by the multinational corporations.

THE FORUM

HANS SINGER

Hans Singer of the Institute of Development Studies, Sussex, was for many years a senior economist in the United Nations, headed the first UN mission to the Developing countries, Haiti 1948. He has lectured and written extensively on development matters, including most recently The Development Outlook for Poor Countries—Technology is The Key (in Challenge *May June 1973) and on the New International Economic Order in* World Development *1975.*

The question posed to us is: Why the failure of GNP growth to stimulate employment? This does not seem to me the right question. The real question is: Why the failure of GNP growth to reduce poverty? The real objective is a reduction in poverty, not a growth in employment. However, those of us who are concerned about the failure of GNP growth to reduce poverty have come to put more and more stress on the need to create more productive employment for the following reasons. When you have the objective of reducing poverty, the first question is, obviously, who are the poor? And in the study of who the poor are, the crucial fact that the great majority of the poor are the people of working ages or their dependents immediately springs to light. For this majority or bulk of the poverty group the obvious answer to poverty is to bring them into productive employment, productive employment being defined as employment which brings the employed person an in-

come sufficient to bring him/her or his/her family above the poverty line.

It is true that there are other poverty groups which we must not forget, the old, young orphans, cripples, etc., etc. Moreover, many of the poor of working ages may be weakened by the cumulative and circular effects of poverty, malnutrition and ill health to a degree where their capability for productive employment is impaired, and special health or nutritional measures may have to accompany an active employment policy. However, this does not alter the basic fact that a successful employment policy will break the back of the poverty problem and reduce it to more manageable proportions.

We do not want employment for its own sake. Quite the contrary. Other things being equal, we want to reduce employment as much as possible, as long as this leaves the persons concerned above the poverty line. The problem for many of the poor in developing countries is not lack of employment, but lack of sufficient income together with their employment—in other words, insufficiently productive employment. Certainly the women in many rural areas, carrying big loads, fetching water, collecting firewood, or bringing produce to the nearest market for sale, are not unemployed in the Western sense of doing nothing or registering for their unemployed benefit. The same is true of most of the men. The problem is not so much that of the unemployed—although this may also be a problem, especially for the young school leavers—but of the "working poor" as we can see in the ILO Employment Mission to Kenya (*Employment, Incomes and Equality*, A Strategy for Increasing Productive Employment in Kenya, ILO, 1972).

When you start off with an unequal income distribution to begin with, the "free market mechanism" will inevitably tend to support, perpetuate and indeed accentuate the unequal income distribution. When the richest 20% of the population have 75% of the GNP while the poorest 20% have only 5% of the GNP, then in the free market on increase in the purchasing power of the richest 20% by a given proportion, say by 10%, will weigh fifteen times more heavily than the same proportionate increase of 10% in the incomes of the poorest 20%. Yet from a development as well as a welfare point of view, it should be exactly the other way around. To bring the poorest 20% above the poverty line, or at least nearer the poverty line, is a much more important objective rather than to increase further the well being of those who are already well above the poverty line.

We are now discussing a new international division of labour, a new international economic order. We must be careful that we do not repeat the mistakes of the past all over again. Commodity price stabilization, 0.7% aid, a link between SDRs and development aid—all these are important objectives, but only because they

create the possibility of a new attack on world poverty. The *possibility* only. If not combined with an active employment policy, the higher incomes created by more aid, higher commodity prices, lower tariffs, etc., etc., may once again fail to benefit the poor in the developing countries, and hence be as irrelevant to development as the increase of GNP has been in the past.

The biggest single step which we must take if we want to prevent this happening, is to create the presently non-existent appropriate efficient modern technology to produce the basic needs of the poorer sections of the population of developing countries by methods which help to create incomes among those same poorer sections, sufficient to give them access to the new production.

In concrete terms, this means to take up again where, unfortunately, we slackened off four years ago, and take the UN World Plan of Action of the Application of Science and Technology to Development seriously at long last. In this context, I think that the future World Conference on Science and Technology, together with the ILO World Employment Conference, deserve a place by no means inferior to UNCTAD IV or the World Food Conference—or indeed this Special Session of the General Assembly.

APPIAH PATHMARAJAH

Appiah Pathmarajah is Special Assistant for the World Employment Conference in the ILO. A former Sri Lanka career diplomat last posted as Sri Lankan Ambassador to the United Nations office in Geneva. Has been Chairman of the Group of 77 in Geneva, Chairman of the Ad Hoc Committee on the Long Range Strategy for UNIDO and Spokesman for the Group of 77 in UNCTAD, UNIDO and UNEP.

Since World War II there has been unprecedented economic growth through out the world. High rates of sustained expansion took place in the economies of many countries. Yet the growth has not been equitable and the fruits of growth have not been widely distributed.

Mass poverty and unequal distribution of wealth and income among states remain fundamental problems. The difficulties of the underdeveloped countries are further aggravated by the sudden rise in the prices they pay for essential imports. The developing nations have emphasized for years that they need a greater share of the world's wealth but they lacked the bargaining power to put changes into effect.

The ILO is now organizing a world conference on employment in which governments, labor organizations and employer organiza-

tions will participate. Employment is central to economic growth, human survival and dignity. Western approaches to employment creation did not work well in the underdeveloped countries. The setting of growth targets by the United Nations and various international conferences were insufficient to create real growth of the desired magnitude.

The developing countries need adequate balance of payments, access to foreign markets and enough savings from trade to create more employment. There are now over 300 million people unemployed in the world. By the year 2000, one billion new jobs will be needed for people who are already alive in 1975.

The ILO Conference will seek to examine four important areas of employment problems: 1) adjustment assistance for workers in industries that are threatened by or are being displaced by international competition; 2) transnational corporations and their employment creation potentials to ease world unemployment and poverty; 3) adaption and creation of appropriate technology for accelerating employment; and 4) solutions to problems of international migration.

These are crucial issues to investigate because practical experience indicates that 1) adjustment assistance usually is insufficient and too late; 2) the transnational companies can be geared to do more good for more people by creating more employment; 3) technological transfer should be made more adaptive in order to maximize development benefits for the underdeveloped nations; and 4) international migration creates social and transfer problems for the host countries while it props up certain industries which might fail if migration did not keep down wages and salaries.

Employment opportunities can therefore be maximized if adequate interest is taken in this conference and action programmes are launched. It will also be possible to meet the Lima targets for industrialization by the year 2000 if together with this action programme specific co-operative projects are launched between UNIDO and ILO between whom an understanding for co-operation exists.

NADIA H. YOUSSEF.

Nadia H. Youssef, an Egyptian national, holds a Ph.D. in Sociology from the University of California, Berkeley. She is currently Visiting Associate Professor of Sociology at the University of Southern California in Los Angeles. She is the author of Women and Work in Developing Countries *and of numerous articles on the comparative status of women in Latin American and Middle Eastern societies with particular reference to the effects of modernization upon fertility and labor force behavior.*

The consensus was general at the International Women's Year Conference in Mexico last summer as to the imperative need to integrate women of Third World countries in development strategy and to the means by which such an integration can take place. Among the means most strongly recommended are granting women opportunity for wage employment or generation of income through self or family employment; education, both formal and informal; participatory roles in administrative, political and public life; and full access to health and maternity care.

To be integrated into the development effort implies granting women legal rights as well as access to available means for self improvement. The rationale for the desirability of such a goal is closely linked to economic development. For it is only when women are fully utilized that they will be able to develop their full human potential and make their maximum contribution to society.

Women's welfare is thus seen as a necessary means to an end—national growth and development—as well as an end in itself. All of economic, social and demographic benefits at a societal level are considered to be derived from the integration of women in the development process at all levels.

Unfortunately, there has been very little effort at singling out some of the historical, economic and social considerations that may have an impact upon the realization of such goals. Typically, the guiding orientation has been to examine the emancipation of the Western women through the process of industrialization and to impute the same path of development for women in the Third World countries. Attention must be paid however to specific problems Third World societies may have in the form of obstacles to the integration of women in development. I shall specifically address myself to one dimension of this integration: the effective utilization of potential womanpower in the economic sector stemming from the desirable goal of integrating women into genuinely productive economic tasks.

Historically, we must be aware of the individuality of women in the context of the societal differences in the developing world and we should replace the projection of the Western view of womenhood on to women of the non-Western nations. This is not only because of cultural differences, but in large part because of the differences in historical experiences.

Rather than associate industrialization and modernization with female emancipation, we must consider in the present historical context the adverse affects of economic development upon women in many Third World countries. The process of development can restrict economic independence of women because their traditional jobs are challenged by new methods and technology. Modernization may thus maximize the differentiation of sex roles and enhance man's status while lowering that of women because the latter are not entered into the modern economy at the same rate as

men. Similarly, the effects of rapid urbanization in developing countries, particularly through the migratory movements, have not bettered the condition of women but in fact have exposed female migrants to dangers of exploitation, prostitution and urban slum life.

From the economic point of view, before any policy can be formulated to maximize women's work participation and channel female labor into genuinely productive tasks, several economic conditions need to be identified for each individual country. Specifically, the particular organization of the urban economy in terms of human labor investment; the demand for workers in specific sectors where women are to be utilized; and the levels of male unemployment in the urban context.

Each one of the above can act as either a facilitator or a deterrent to women's participatory role. The organization of the economy which determines the structure of the labor market demand can be an asset to female employment to the extent that the productive economy includes sectors in which women can be competitive with men.

Depending on the extent to which any society is committed to integrating women in the development process, decisions can be taken to remove the sex labeling of jobs and channel women into all employment sectors.

The mere availability of occupational opportunities for women does not in and by itself guarantee that jobs will be filled by women in every society without taking into account the level of male unemployment. If such levels are substantial preferences will be given to men in recruitment practice. This is legitimized by the claim that males are the breadwinners—a particularly strong feeling in many developing countries in which a strong patriarchial family system prevails. (The claim ignores the acute problems of widows and single women with dependents in urban areas who are the sole supporters of their families).

Sex discrimination in hiring practices, particularly in the event of male unemployment cannot be overcome without great difficulty unless conscious efforts are made to create labor shortages, such as was true of the Soviet Union.

To the extent that developing countries maximize capital intensive systems of production, women may suffer severely. Some capital-intensive production has pushed women out of jobs. The influence of international forces in gearing the production of poorer nations to the export of raw material has also dire consequences for female employment, since the activities involved in the export of raw material exclude women as potential workers.

From the social point of view, there should be full awareness of the contradictions between development strategy directed at the utilization of womanpower as resources to be developed and

exploited as effectively as possible, and women's right to seek alternative options for self improvement and growth. To what extent can national development goals be planned within a framework which protects women's rights and needs by including them in the development process as both participants and beneficiaries?

Policy makers must also face the fact that the mobilization of women into the labor force may conflict with women's own desires. In some cases to give women employment opportunities means adding extra labor to already overburdened women. For it is only in the upper economic brackets that freedom of choice in economic roles is possible and, hence, where female employment may be equated with female emancipation. The vast majority of women (like men) seek employment outside the home for economic reasons only.

Understanding the problem of integrating women into development strategies requires an awareness of the impact of two structural factors. One pertains to the cultural designation within a society of sexual differentiation in the labor market. The other pertains to the female response to labor market demands and opportunities. All too often, developmentalists take for granted that the mere availability of occupational opportunities for women will in and by itself guarantee the filling of slots.

Strong sex segregation in the labor market affects the types of jobs actually available to women. It may produce both a high and a low female activity rate; in certain cases it can result in female economic power and monopoly; in others to the virtual exclusion of women from certain economic sectors. The female response to labor market demands and opportunities, on the other hand, is the advantages and rewards or, conversely, the sanctions and losses incurred from entry into the labor force.

Hence we must consider the factors: (a) volitional avoidance by women of certain occupational sectors because of social stigma, even when no official prohibition upon female employability is imposed; (b) economic incentives attached to labor force status not only in terms of renumeration, but also in the ability of women to control their earnings (this necessitates guarantees that wage laws do not leave women disadvantaged); and (c) the influence of women's self concept and self image upon how they see themselves, their status, their life expectancies and their ambitions.

Finally, the influence of the kinship system upon the employability of women must not be overlooked. Patterns of marital stability and family acknowledgement of economic responsibilities for female kin have been shown to determine the type and extent of economic constraints under which women in any society function. Weakness and instability in the marital system creates the need for many women to be self sufficient at various intervals in their lives. In societies where such patterns prevail we may expect a quicker

and more positive response to labor force entry among women. Conversely, in societies where kinship organization optimizes the responsibility of male members to provide economically for female relatives, a woman's need to be economically self sufficient is lessened. Such circumstances may well depress the supply of women to the labor force considerably.

JOSE ANTONIO GARCIA-BELAUNDE

José Antonio Garcia-Belaunde was born in Lima in 1948. He studied at the Catholic University of Peru, Academia Diplomática del Perú and Pembroke College (Oxford). He joined the Peruvian Foreign Service in 1969 and is now the First Secretary of the Permanent Mission of Peru to the United Nations. He is Alternate Delegate to ECOSOC, and to the Council of UNDP and the Ad Hoc Committee of the VII Special Session of the UN General Assembly.

In my view, the term "transnational enterprise" is preferable to "multinational corporation" as a description. Whatever the term is, the transnational enterprise is a key element in the present international economic system.

Most important in the examination of the role of transnational enterprises—and what is seldom covered in studies to date—is looking at the transnational enterprise as an integral part of the international economic system. What we are seeing today is what might be termed the transnationalization of the entire international economic system.

Two phenomena should be considered: 1) the expansion of foreign investment, especially for the exploitation of resources in developing countries; and 2) the distinction between countries that create and those that consume advanced technology. This latter distinction is more important and useful than the traditional distinction between countries that produce raw materials and those that manufacture products.

There are three alternatives for action vis-a-vis the transnational enterprises: 1) try to destroy them; 2) subsidize them as has been the case in some parts of the world; or 3) minimize the ill effects and maximize the potential benefits of the transnational enterprises on development. Among these three alternatives, the first seems impossible or inappropriate, the second seems rather ill-advised as it is not necessary and in fact has a detrimental effect

on the peoples of developing countries, and the third alternative is appropriate and practical. To understand the real foolhardiness of the second alternative (subsidization) one must discard the myth that the transnational enterprises, operating without any restriction, are needed for the economic development of the developing countries.

In order to limit transnational enterprise activity to have positive effects on the economy a set of guidelines should be adopted at the governmental level. The United Nations has started to discuss such guidelines. They should include the following: 1) transnational enterprises should not interfere in internal affairs; 2) transnational enterprises should be prevented from using national capital resources of a country; 3) measures to restrict the impact of transnational enterprises on the balance of payment of the host countries including the prevention of transnational enterprises from dealing with sections of the economy which could seriously affect the balance of payments problem; 4) ways to calculate the appropriate and fair cost of technology sold by transnational enterprises to developing nations, the problem being a lack of data on true cost; and 5) technology imported to a developing country should not result in increasing unemployment within the country.

Currently transnational enterprises have a tremendous impact on the social and cultural values of countries in which they operate. This poses problems because the transnational enterprises plan products and advertising in the "centers" of their organization, which is naturally in the United States or Europe, and away from the "periphery," the developing countries. The advertising campaigns affect consumer values often adversely, given the fact that values are quite different in developing countries from developed countries. The effect is such as to transmit an alien set of values to the developing countries.

Transnational enterprises also have an impact on the politics of developing countries. A current dramatic example is the case of the exposed ITT papers showing ITT's intervention in Chile. Something must be done quickly about this whole matter since it adversely affects both the developing countries and the transnational enterprises. The exposure of the ITT papers has affected the credibility of the transnational enterprises.

Peru in dealing with the problems of transnational enterprises followed the decision of the Andean Pact which promulgated the following guidelines: 1) transnational enterprises are limited to certain sectors of the economy; 2) a limit is put on repatriation of capital profits; 3) ownership should be transferred gradually either to a government company or to private national investors; 4) rules are set out for transfer of science and technology; and 5) publicity for products of transnational enterprises is regulated.

DONALD L. GUERTIN

Dr. Guertin is a Senior Planning Advisor in the Public Affairs Department of the Exxon Corporation. In the past few years he has followed closely intergovernmental studies in both the Organization for Economic Cooperation and Development and the United Nations on multinational corporation issues. Dr. Guertin was in the area of research management for a number of years with Exxon and has been in the public affairs function for the past several years.

The arguments for and against multinational corporations are well known to the NGO Forum and will not be reviewed today. Rather, considerations which must be borne in mind in debates on the future relations between governments and multinational corporations will be reviewed. Individual governments, the OECD, UN committees are all actively studying the behavior and effects of multinational corporations. Studies of the multinational corporations should not focus on behavior that was based on past realities. Instead the studies should: 1) look at the current reality of government-multinational corporations relationships; 2) examine the future environment and identify what positive contribution each side has to offer; 3) forecast the impact of specific policies and actions on others and 4) take into account the proper role that multinational corporations can play in the future.

On the control exercised by multinational corporations' headquarters: 1) governments are sovereign while multinational corporations are not; 2) governments have been expropriating multinational corporations for many years despite the large size and economic power of the multinational corporations; 3) there have been major shifts in relations between oil multinational corporations and OPEC governments; and 4) developed countries such as Australia and Canada now impose investment controls.

Despite the many studies there are cases where governments do not understand multinational corporations and multinational corporations do not have a good enough understanding of governmental interests. The OPEC countries are powerful because they control important resources for which there are no short-term substitutes. Market conditions are different for other raw materials. Metals can be recycled, substitutes can sometimes be developed and marginal mining operations can become economic again if prices are sufficiently high.

The multinational corporations have huge reserves of technological capabilities which include not only patents but complex managerial capabilities as well. If governments impose too

many controls on multinational corporations it may become unattractive for multinational corporations to supply funds, managerial skills and technology. The developing countries may find it more desirable to buy technology from the multinational corporations which have economic goals rather than from governments whose motivation is primarily political.

Guidelines that may be developed for the behavior of the multinational corporations, to be practicable, should: 1) be general and voluntary; 2) apply to government companies and 3) influence fair behavior on the parts of governments also.

Multinational corporations have had successful working relationships with numerous governments for many years. New working relationships can be worked out. Hopefully, all concerned will be learning from successful associations and not be tied down by past difficulties. Action planned should not be taken to resolve a limited number of problems, which could pose serious problems for the many successful ventures.

ESTEBAN E. TORRES

Esteban E. Torres is the Assistant Director of UAW's International Affairs Department. A former auto worker with the Chrysler Corporation, Mr. Torres rose through the union ranks to be named as UAW's Inter-American representative with specialization on Latin American affairs. In 1967, he returned to his native state of California to direct a community labor-based economic development program, TELACU (The East Los Angeles Community Union), which UAW sponsored. In 1974, he returned to Washington, D.C., at the request of UAW President, Leonard Woodcock, to act in his present capacity.

The United Autoworkers organization represents one and one-half million workers and is an international union in that it represents workers both in the United States and Canada. UAW members have an interest in world affairs, and this concern finds institutional expression in the International Affairs Department of the UAW, which maintains a full-time staff in Washington, D.C. The UAW is an affiliate of the Geneva-based International Metalworkers' Federation (IMF) which represents some 13 million members in the free world.

Workers everywhere are affected by the international operations of multinational corporations based in the host countries. A dialogue must take place between such workers in the U.S., as well

as with those of other countries who work for the same corporations, producing the same products. In this manner, there can be a co-ordinated approach to gaining democratization of social, economic and labor conditions.

An index has been compiled by the UAW which ranks nation states and corporations according to their GNP and sales, respectively. According to this index, General Motors ranks 22 and Exxon 25. Secretary of State Kissinger's message to the Seventh Special Session, delivered by Ambassador Moynihan, was overly optimistic on the subject of controlling multinational corporation activity in the developing countries. The labor movement seeks to make itself a countervailing force to the powerful multinational corporations. Because the technology of the U.S.-based multinational corporations belongs in some sense to the American people, there should be controls placed on the exportation of this technology. The direct intervention of multinational corporations (e.g., ITT, Gulf, Anaconda, etc.) in the affairs of the developing countries is to be deplored.

There is great room for the New International Economic Order so long as workers receive fair treatment. International fair labor standards are needed. Such standards, when adopted by nations, would be helpful in stemming the tide of migration to the U.S. by economically oppressed foreign workers who are then exploited by American employers and used as strike-breakers as in the case against Cesar Chavez and the United Farmworkers. The New International Economic Order must provide the means for every group to participate.

QUESTIONS AND DISCUSSION

Technology Transfer

Mr. Guertin noted the conflict of interests involved in transferring technology. Developing countries seek fewer restrictions on technology flow, while the labor unions in developing countries have adopted an opposite position. *Mr. Guertin* said multinational corporations had certain major strengths which, nevertheless, should not be construed as synonymous with sovereignty. Sovereignty only has relevance to nation states. One major strength of the multinational corporations lies in the field of technology; but international patents eventually expire. The code on technology transferral currently being discussed in UNCTAD would, according to *Mr. Guertin*, not accelerate technology transferral, but rather impede it.

Women

Answering a question on the Exxon hiring-practices with regard to women, *Mr. Guertin* confessed a lack of success, although the company now has a woman director. There is currently an effort in the United States to bring more women into the corporation at the management levels, but he acknowledged that there were no women in the highest levels of Exxon in its overseas offices.

Asked whether unions could be a vehicle for achieving the integration of women into the economies of the developing countries, *Dr. Youssef* noted that women have been active in Latin American trade unions and that a trade union for women in handicraft industries had recently been formed in India.

Industrial Development

In reply to a question on various schemes of assisting the industrial development goals of the developing countries, *Mr. Pathmarajah* considered several already-existing approaches useful. He recognized the usefulness of UNIDO's consultative approach, the Lomé Convention of the EEC and ACP countries, and the Dutch programs on technology transferral and development assistance. The main point is the need to obtain a higher degree of processing in the developing countries which would then boost gross domestic products.

Labor Standards

Dr. Singer submitted that existing problems between rich and poor nations should not be viewed as a zero sum game, but rather as a positive sum game, since there exists a wide area of common interest. *Dr. Singer* queried *Mr. Torres* on what he meant by an international fair labor standard and how it would apply to a country like Kenya which has a per capita income in the neighborhood of $200 per annum. *Mr. Torres* acknowledged that one could not fix a monetary level on a fair international labor standard since this is dependent on local economic conditions; however, he favored the international harmonization of salaries in general and other labor conditions that would include safety and health measures. *Mr. Pathmarajah* felt that the common man in the developing countries, who is delighted to find labor of any

kind, couldn't care less about international fair labor standards. He remarked that very few of the labor conventions of the ILO have been ratified by the various states of the international community.

ACTION AT THE SPECIAL SESSION

Section IV of the Resolution deals with industrialization. The General Assembly endorsed the Lima Declaration and Plan of Action on Industrial Development and "requested all governments to take, individually or collectively, the necessary measures and decisions required to implement effectively their undertakings . . ."

The Special Session Resolutions continued by encouraging developed countries to redeploy their industries which are less competitive internationally to developing countries and to use the facilities of UNIDO to help to achieve this. It also asked developed countries to encourage "their enterprises" to invest in developing countries and mandated UNIDO and UNCTAD to undertake a study of financial and technical aspects of industrial co-operation.

Finally, the Special Session endorsed the recommendation (from Lima) that UNIDO should become a specialized agency and established an intergovernmental committee of the whole to do this by the end of 1976. Reference was made, almost as an afterthought, to governments being well prepared for the World Employment Conference in June 1976.

NEXT STEPS

Obviously the developments with regard to UNIDO and the ILO World Employment Conference will require monitoring by NGOs and governments. The issues of industrialization and employment are also likely to feature indirectly in the UNCTAD IV Conference in Nairobi (May, 1976) and probably also at HABITAT in Vancouver (also May, 1976).

A progress report on the study referred to above, to be undertaken by UNIDO and UNCTAD, is to be submitted to the 31st General Assembly (fall of 1976). Many of the recommendations from the Conference of International Women's Year (Mexico, July, 1975) related to women in the labor force, and these will be reviewed by governments and brought up again at regional follow-up meetings on the subject of the role of women in development.

The transnational corporation question is not referred to specifically in the Special Session Resolution, but a new centre for study of the role of transnationals to service the Commission on Transnational Corporations, is now established in the UN's Department of Economic and Social Affairs.

The problem of domestic adjustment to compensate for redeployment of industry internationally is one on which NGOs have an important concern.

VII

FOOD AND MARINE RESOURCES

While these two topics were meant to be covered by the Forum on the same afternoon, the chairman of the session, Ambassador Edwin Martin felt that it would be logical to separate them for purposes of discussion, for while the end result is the same, feeding hungry people, the approach is quite different. Thus we start in this report with Section A on Marine Resources and the presentation of Elisabeth Mann Borgese, and conclude with Section B on Food and Agriculture and the presentations of Edwin Martin, Lester Brown and Sartaj Aziz.

A. Marine Resources

Marine Resources and the utilization of the sea were not a part of the Special Session agenda although many delegates referred to it in the discussions on food and agriculture. This is not to say that the oceans have not figured prominently in recent years in international and UN discussions. The two initial sessions of the Law of the Sea Conference, Caracas in 1974 and in Geneva in 1975, have covered the economic and food resource aspects as well as the legal aspects.

Elisabeth Mann Borgese finds the omission of marine resources from the agenda hard to understand and in her Forum presentation she elaborates on the potential role of the sea in the context of the New International Economic Order.

ELISABETH MANN BORGESE

Elisabeth Mann Borgese has been Director of Research in International Relations for the Centre for the Study of

Democratic Institutions, Santa Barbara, California in which capacity she organized an international convocation of experts from 51 nations to consider the issues of ocean exploitation for military and commercial purposes held in Malta in 1970. She has written and lectured extensively on ocean matters and edited "Pacem in Maribus" in 1972 based on the Malta meeting.

The agenda of the Special Session does not include the law of the sea and ocean resources. How is it possible to address the question of a new international economic order while ignoring more than 70% of the world's surface, the sea? A new international economic order must be concerned not only with rectifying problems of the past, but also with looking into the future.

Three principal concepts have been transformed, in part due to the scientific and technological revolution: resources, ownership and sovereignty. Resources have been transformed in terms of their increasingly inderdependent nature, including human resources or skilled labor. As a result, resources can no longer be owned in the same way as a plot of land could once be owned. It will become necessary to abandon the concept of ownership as it is expressed in Roman law, especially in regard to the seas, where perhaps a truly new economic order may be forged. Such a new order, especially in regard to the seas, requires the development of a concept of the common heritage of mankind.

On legal terms, this would require that such commonly owned resources would be defined in terms of: (1) non-ownership; (2) management (i.e. be managed by all users); (3) benefit sharing (including sharing in decision making); (4) disarmament (the sea to be used for peaceful purposes only); (5) environment (i.e. be preserved for future generations.)

The actual and potential food supply to be derived from the ocean can be assessed by such figures as the ten-fold increase in the world fish catch from 1950-1960, which again doubled between 1960-1970. These figures, however, reflect quantitative but not qualitative increases in that a large percentage consists of fish disdained by tradition and taste, and as a result are used primarily in the manufacture of fish meal. Such fish make up 35% of the current total fish catch. Further obscuring the data in terms of current food supply from the sea is the fact that the majority of fish meal products are not consumed where the need is the greatest, but rather are fed to animals in the rich nations.

Since 1973 our hopes to increase the food supply derived from the sea have begun to crumble, primarily due to sea pollution and over-fishing, including the related collapse of the whaling industry as a result of species over-kill. Given current technology and re-

sources, good supplies from the ocean could be increased in two ways: first, the exploitation of non-conventional species, especially protein-high krill (the exploitation of which could double the total production of food from the sea) and the exploitation of certain mid-water creatures such as squid which could again double current sea food; and second mariculture both in terms of plant and animal life, examples being the cultivation of eel-grass, sea urchins and abalone.

An interesting experiment conducted at Woods Hole Oceanographic Institute used sewage to cultivate plankton, which utilize ammonia and nitrates and phosphates on which oysters were cultivated, which were, in turn, used in producing several subspecies, in a continuously supportive ecological chain, the end result being food and clean water.

A rational system of ocean management consisting of both national and international components is needed. Conflicts between national and international interests in this regard are unrealistic. A holistic approach is necessary in considering problems related to management of the sea, including those of scientific research concerned not only with food, but with minerals and oil, given that the seas must be considered as a unit rather than discrete territorial areas. Such a rational management approach might also make possible the utilization of entire areas such as the Caribbean for such purposes as fish-farming. The international Sea Bed Authority should be considered as a model for other agencies concerned with specific areas of sea management. Many such agencies could function under the aegis of existing institutions which could be restructured or strengthened to co-ordinate planning as well as to add new activities. These could then form an entirely new type of organization, a federation of international organizations concerned with rational management and exploitation of the sea and its resources.

We cannot hope to build a new international economic order if we do not apply it to the world's oceans.

QUESTIONS AND DISCUSSION

Responding to a question on the scope of mercury pollution in the oceans, *Ms. Borgese* responded that the problem has not reached catastrophic proportions. Adding to the mercury already found naturally in the oceans is only one of the many ways in which man upsets the "delicate balance" found in the seas.

Regarding the deteriorating state of the Mediterranean, *Ms. Borgese* warned that the two zones near Genoa and Trieste—the

"lungs of the Mediterranean" suffered the greatest impact from the various pollutants, especially oil, found in that body of water.

The developing countries would only enforce international pollution controls if these were applied in conjunction with effective resource management. If given the proper management techniques, the world's food production from marine farming could be increased ten fold by the end of the century.

In response to a question on the progress toward enacting an international legal code on sea usage, *Ms. Borgese* reviewed several factors which she considered obstacles to more accelerated headway. The chaotic infrastructure which administers the world's fisheries needs to be more efficiently organized. The extension of national jurisdictions present legal questions, especially in regard to various straits around the globe. New regulations are required to meet the challenges of speedier vessels and ships carrying dangerous cargoes.

Ms. Borgese did not advocate the creation of a vast international police apparatus to enforce further international sea codes; the coast guards and navies of the nation-states could perform this function effectively. In contrast, she held that the scientific procedures to study and the technology used to exploit ocean resources should be internationally controlled. Science and technology must be treated as the common heritage of mankind.

ACTION OF THE SPECIAL SESSION AND NEXT STEPS

While the utilization of marine resources was mentioned by a few speakers in the plenary session, this subject did not figure in the Special Session negotiations nor in the final Resolution.

The second session of the Law of the Sea Conference, which adjourned in Geneva without agreement in the spring of 1975, did manage to draw up an "informal single negotiating text" with the variant positions of the different groups of countries clearly indicated. The next session of the Law of the Sea Conference will take place in New York, March to June, 1976.

This is one area in which the division of point of view is not drawn simply along "North-South" lines. For instance because of differing dependence upon off-shore fishing, developing countries are split on this issue, as are the developed countries. In addition to the many specialist NGO interests, NGOs with an interest in the environment issue also have an interest in following the Law of the Sea discussions from that perspective.

B. Food and Agriculture

In the period 1972-74 the world food crisis grew suddenly to alarming proportions and NGOs, and eventually governments, began to give the crisis top priority. While the food issue cuts across many other issues covered in this booklet such as trade and commodity problems, employment and industrialization, internal development strategies, etc., it seems natural that the immediate plight of the 400 to 600 million people who are hungry and severely malnourished (61 out of 97 developing countries have a serious deficit in food energy supplies) provides the focus of attention for many NGOs concerned with all of these issues.

What happened in the period 1972-74? Simply a combination of unfavorable conditions—weather, inflation, rapidly accelerating demand for cereal grains (including major new purchases of wheat by the USSR), quadrupling of fuel costs and a worldwide shortage of fertilizer—acted in unison to cause an unprecedented shortage of food supplies (at one point only 22 days of cereal grains) and a general inability of developing countries to acquire enough food for their growing population.

The agriculture targets of the International Development Strategy were inadequate for the crisis situation. By the midpoint of the Development Decade (1975) the target of 4% increase in food production in the developing countries was not being met and the Food and Agriculture Organization of the UN now estimates that an increase of 5.3% would be required for the rest of the decade just to catch up. This is clearly unrealistic given present conditions, and means that the IDS targets would have to be revised.

Further, the International Development Strategy did not deal with the emergency needs of the most seriously affected countries, their immediate need to import food, fertilizers and pesticides, to build up minimum food stocks and to feed the children who are chronically malnourished.

Late in 1973 there was a call from two different quarters (President Boumedienne of Algeria representing the non-aligned countries, and Secretary of State Henry Kissinger of the United States) for a World Food Conference. In November 1974 such a Conference was convened by the UN in Rome. The World Food Conference resulted in twenty-two impressive resolutions dealing with new international methods of solving the food problem such as a system of world food security, an early warning system for crop failures, new emphasis on fertilizer supply, tropical agricul-

ture research, and investment in the agricultural sector, a new fund for agricultural development, and a new high-level political body, the World Food Council.

Against this background of crisis and new possibilities for action, the Forum brought together three of the most knowledgeable and involved persons to discuss these issues. Ambassador *Edwin Martin*, former chairman of the Development Assistance Committee (DAC) of OECD, was the coordinator of US policy for the World Food Conference. During the preparations and at the Conference itself he laboured vigorously for a positive approach by the United States, the world's largest exporter of food. After the Conference he accepted to be chairman of the Consultative Group on Food Production and Investment (CGFPI), one of the important subsidiary bodies of the World Food Council. He tells of the WFC recommendations and the prospects for their implementation.

Lester Brown, the young and prolific author of several books on the world food situation, was for several years a Senior Fellow with the Overseas Development Council in Washington and now heads Worldwatch Institute. He points out the importance of the US policy on food and agriculture, differs with Ambassador Martin on some interpretations, and calls for greater NGO attention to this whole issue. *Sartaj Aziz*, Pakistani head of the Commodities Division of FAO, was Deputy Secretary-General of the World Food Conference and now doubles (with his FAO job) as Deputy Executive Director of the World Food Council. Credited with a great deal of the preparatory thinking for the World Food Conference, *Aziz* paints a fairly gloomy picture of the present situation and emphasizes the necessity for indigenous solutions in the developing countries.

EDWIN MARTIN

Edwin Martin is presently Chairman of the Intergovernmental Consultative Group on Food Production and Investment in Developing Countries, International Bank for Reconstruction and Development. Ambassador Martin has held numerous positions on economic affairs in the Department of State throughout his career. He served as a US Economic Minister in London (1957-60); Assistant Secretary for Economic Affairs (1960-62); Assistant Secretary for Inter-American Affairs (1962-64, and as a US Ambassador to Argentina from 1964-68. From 1968-74 he was Chairman of Development Assis-

tance Committee for the OECD in Paris. In 1974 he was the Senior Advisor to the Secretary of State and Co-ordinator of United States Participation in the UN World Food Conference.

Six points should be considered with respect to the world food problem:

1) In most discussions, the food problem is talked of with an emphasis on food *per se*; but that is not the objective. The objective is to feed people, and to feed the right people. Unfortunately, food producers know little or nothing about nutrition and nutrition planning. It is not enough to think of the food problem quantitatively as simply a problem of producing *more*.

2) It is not right to consider the 1972-75 period as pivotal years when population increased above possible levels of food production and therefore to infer that we are now in an unending crisis. This is not so because (a) if major grain exporters had not restricted production in these years, we would have produced 90 million more tons of wheat alone; (b) the weather in these years was unusual and (c) the fertilizer supply problem was one that should not recur.

3) We need to have an international system of food reserves. The data of the World Food Conference show that until 1985 we can produce enough food for everyone in the world using current technology. The food reserves will be needed in the short run to cover fluctuations of a year-to-year nature. Thus, for example, the US should not sell all surplus grain.

4) Sooner or later we will have to control population growth. Beyond 1985 we deal with science fiction, in that there are too many unknown factors to be able to predict what will happen. However, since we know that population increases inexorably, we ought to "run scared" even though we know that new technology offers hopes of breakthroughs in food production. Nutrition problems increase as we get higher and higher levels of population; it therefore behooves us to introduce control measures sooner rather than later, in order to minimize the agonizing costs of death-rate solutions to population problems.

5) The world food problem is to a large extent a distribution problem. In the world today there are estimated to be four to five hundred million malnourished people. Ninety-five per cent of these people are in developing countries. Two-thirds of these are in South Asia. These figures alone indicate some priorities. The world food problem results from two kinds of poverty. First, national poverty, that is a lack of foreign currency to cover growing food deficits of a number of populous countries. Moreover, the difficulty of transporting greater quantities of food also implies that nations should become more self-sufficient, as recognized by the World

Food Conference. Second, people in developing countries cannot afford to buy food they need to eat. Three-fourths of these people are rural dwellers. The answer here is to focus efforts on increasing food production by the poor themselves. This should involve: a) a clear policy of developing countries to improve incentives for agriculture production; b) money to help mobilize water, land, fertilizer, pesticides to increase yields; c) research in adapting technology to poor farmer conditions and personnel to implement and convey knowledge we have.

6) A reason for optimism about increasing production is the new knowledge research is producing—multiple cropping is an example. So far this has been done very little, but with new early-maturing varieties of rice is easy to do in the tropics and sub-tropics. This strategy effectively doubles the areas of land and the amount of manpower in use. It takes good management and a considerable investment but it shows what production can do and why first attention must go to distribution issues, largely by-products of poverty. In Taiwan, for example, more than six crops are frequently grown on the same piece of land.

LESTER BROWN

Lester Brown is President of Worldwatch Institute, Washington, D.C. Previously he served with the US Department of Agriculture and was a Senior Fellow with the Overseas Development Council. Recognized as an authority on the world food problem, he is the author of Man, Land and Food *(1963)*, Seeds of Change *(1970)*, World Without Borders *(1972*, In the Human Interest *(1974), and* By Bread Alone *(1974)*.

Food production and distribution in a world increasingly characterized by instability and insecurity in regard to food presents a series of problems. We are unable to predict or anticipate with any precision major developments involving not only climactic conditions but interrelated phenomena—such as rising wheat prices or increases in food imports on the part of nations such as the USSR. The critical nature of the increased dependency on North America food supplies cannot be over-emphasized. More than 100 countries are currently importers of food, primarily grains, most of which is supplied by the US and Canada.

Four factors have contributed to the present instability of the world food market: 1. the overall decline of grain stocks, 2. the disappearance of idle crop land in the US, 3. the heavy dependence of the world on one food producing region (North America), and 4. the decision on the part of the USSR in 1972 to offset crop failure through major import of grains.

Contrary to Mr. Martin's position that the 1972-75 period is anomalous, the events of those years mark a definite trend due to the fact that the US has now both committed its reserves and returned to cultivation all of its idled cropland. US Department of Agriculture data on grain yield (excluding rice) indicated an increase in yield per hectare for the period of 1960-1972, followed by decreases in each year thereafter. This results from four factors: 1) 50 million acres of the land released for cultivation in that period was of lower quality; 2) rises in price of oil made farmers conservative in fuel use; 3) high costs and short supplies of fertilizer affected their use; 4) countries utilizing traditional slash and burn methods of harvesting have been forced to decrease the customary 20-year period between cultivation as a result of population pressures with resultant inadequate soil regeneration. Despite these factors, the trend can once again be reversed.

Although there exists great potential in foods derived from the sea, especially in the utilization of traditionally non-edible food types, pollution remains a serious threat to such endeavors, as does over-fishing. Ms. Borghese's emphasis on the viability of exploiting such protein-high species as krill should be modified because the krill exist primarily in the Antarctic and it would require enormous expenditures of energy to transport them to inhabited areas.

Three primary factors contribute to the increasing number of food-deficit countries: rapid population growth; ecological stresses such as those due to overgrazing and soil erosion; and agricultural mismanagement. But there is no national solution to the global food problem because food availability is inextricably tied to trade, phosphate production, oil and politics. One major shortcoming of the World Food Conference in Rome was the near exclusive emphasis on food production rather than on the need to slow growth in demand for food by slowing population growth.

Controlling increasing food consumption on the part of the industrialized nations is also essential. The effect on people of overconsumption are virtually identical with those of underconsumption: namely, increased susceptibility to illness, decreased productivity, and shortened life expectancy.

The two critical factors in meeting the increasing world food requirements are capital formation and agricultural reform. Both are necessary if we are to control the alarming increase in countries dependent on food grown in other regions—particularly in North America.

SARTAJ AZIZ

Sartaj Aziz, a national of Pakistan, was educated at Punjab University and Harvard University. He is pres-

ently Director of the Commodities Division of FAO (since 1971) and Deputy Executive Secretary of the World Food Council. Previously he was Chief, International Economic Section, Pakistan Planning Commission and later (1968-71) Joint Secretary of the Commission. He was a senior economist with the Pearson Commission on International Development in 1968.

What is called the "world food problem" is two different problems. The first is created by a year-to-year fluctuation in production, which leads to shortages, famines, and higher food prices. This is the kind of crisis the world experienced from 1972 onwards, particularly since the stocks on which the world depended for its food security in the preceding two decades suddenly disappeared.

The second aspect of the food problem is manifested in the chronic malnourishment of a substantial portion of the world's population. Even in 1970 before the more recent shortages and crises, about 20% of the world's people, or about 500 million were malnourished.

The solution of these two parts of the world food problem involves on the one hand a global system of food security which will ensure the adequate availability of food at all times and on the other hand a direct attack on the real poverty problem—which is the real cause of malnutrition in the world. These two solutions are related. To implement them both we need to increase the production of food, particularly in the developing countries.

The World Food Conference accepted the need for solving the food problem by adopting a plan of action covering both these aspects. We must ask however (1) what are the prospects that the strategy of the World Food Conference will be implemented, and (2) if implemented, will this strategy be adequate? There is some doubt whether the recommendations of the Food Conference will be implemented. While we all see the "food problem" as a necessary priority and certain implementation strategies as essential, behind each of the plans for action lie complex issues difficult to solve. The crux of the problem may lie in a greater appreciation of the real problems inherent in carrying out the solutions upon which all countries have agreed.

The plan of action of the World Food Conference can be divided into three categories: (a) a global system of food security, (b) a comprehensive programme to increase production, and (c) a programme to improve nutrition of vulnerable groups.

The food security system has four main elements:

(1) Food aid is an important short-term solution. In view of the one-half million people starving in 1973 and 1974, the World Food

Conference recommended at least 10 million tons of food aid every year for 3 years. The proposed food aid policy is not however confined to a quantitative target. It is based on a new criteria that takes into account nutrition needs, not just the availability of surpluses and emphasis on food for work programmes. What is really needed is a total change in our framework for giving food aid that involves primarily non-political criteria and is linked to nutrition and development objectives.

(2) Food stocks are important to build up in order to avoid crises and unexpected shortages. In each of the last four years we have had to depend for food on that year's crop alone. This is a dangerous situation leading to shortages when supplies run short and to higher prices. However, there is a real practical problem in building up food stocks. When stocks accumulate, prices are depressed and this finally acts through market forces to discourage further production. We can hardly expect realistically that farmers will grow more wheat when they see the result in actually lower prices and perhaps less total profit. Therefore when it comes to working out trade agreements, an impasse is reached where each side expects assurances that trade cannot be made because of the influence of the market economy on prices. The hungry nations have little ability to negotiate the terms and assurance they want and need.

(3) Food trade has increased sharply since the developing countries have been unable to meet their own demand. Since the 1960's developing countries have increased their imports of foods, largely because of the increase of population. The critical question for developing countries is whether they can increase their food production and reduce the need for imports. But this requires workable trade arrangements and mechanisms that will absorb supplies when surpluses arise in developing countries. The issue of food trade, like the issues of food stocks and food aid involve complex international arrangements.

The fundamental solution to the food problem the Conference agreed, was to increase food production. We need to see an increase of 50% in the rate of output of food from 2.6% a year in the past 10 years to 4% in the next 10 years. Mr. Martin and Ms. Borghese are right concerning the *potential* for increasing food production, but Mr. Brown is also right in pointing to ecological and other constraints that will prevent the full realization of this potential.

(4) The most difficult part of the problem of increasing food production lies in the complexities of implementing strategies that deal with the small farmer and landless labourer in developing countries. The peasants live mostly in rural areas on very small farms. A solution will have to involve basic reform in the organiza-

tion of work on the land. The individual farmers must pool their resources and combine into viable institutions to share technology, diversify the rural economy and to provide essential services. This problem is intensified because it is linked to political traditions and social rigidities which can be changed only within the framework of national policy according to each country's situation. In effect, the only thing that the international community can do is to lend respectability to various experiments of developing nations with placing ideological labels on the experiments. Each country must find its own best way to develop the best pattern of rural development for its own needs.

The developments of the last three years exemplify the complex issues and countervailing interests involved in strategies for solving the food problem. When we witness the decisions of developed nations over a period of years, can we really expect them to reverse their policies? Third world countries have a few years to see whether international solutions to the food problem are going to work. In the meantime the developing countries must prepare their own alternatives—which will not be easy. As the need now is for strategies for *sheer survival*, the developing countries cannot afford to wait and expect others to solve their food problems for them.

Beyond a certain point, the developing countries should not expect to overtax the possible limit of generosity of wealthy nations.

Doubts have been raised about the longer term capacity of mankind to feed itself. This does not mean that the world as a whole will run out of food. But there will be more food in the developed world than they need and not enough in the developing countries without any mechanisms that will balance the situation. There are policy alternatives for some shifts at the margin but even these would not be easy. It should be possible for example to accept a policy under which during a year in which there is a shortage of food, restrictions could be placed on grain feeding of livestock. The margin of grain that would thus be diverted by such measures would significantly reduce starvation deaths by keeping prices low. But the farm lobby may not accept such a solution.

To sum up—we know what to do about the food problem, but implementation will be difficult because of the complexity of issues underlying the plans for implementation. To a large extent, these complexities exist in the form of countervailing interests: between different groups of developed nations, between developed and developing nations, and also between groups within nations. To solve these root problems will require, in addition to strategies for a new economic order, a change in moral perspectives of this world.

QUESTIONS AND DISCUSSION

Questioned on the effectiveness of collectivization in increasing food production, *Mr. Aziz* replied that collectivization could be helpful, but the degree of effectiveness depends on two variables. First, there is the political task of organizing the peasants. The second variable relates to management and technology inputs. Tanzania successfully organized the peasants, but encountered technological and management problems. Conversely, Pakistan possessed the management skill and the technology, but lacked organizational prowess. The People's Republic of China scores high marks on both variables. Collectivization in China has moved on the following fronts: land engineering has moved forward in many fields including water control; the application of labor intensive techniques has been highly successful. This contrasts with the widespread underemployment of peasants in the developing countries. Chinese have successfully diversified their rural economy. An estimated 20 per cent of the labor force in Chinese collectives is engaged in agricultural work. *Aziz* indicated that 50 per cent of the fertilizer used in the People's Republic of China is of an organic nature. But changes in fertilizer techniques are foreshadowed by China's plans as cited by *Lester Brown*, to construct massive nitrogen fertilizer complexes with the aid of Western firms.

Despite his praise for Chinese collectivism, *Aziz* indicated that there does not exist an ideal agricultural model which can be applied across the board in the developing world. He called for greater freedom in the international community with regard to a country's choice of the type of agricultural system it wishes to adopt.

Ambassador Martin and *Mr. Brown* also had reservations regarding the universal applicability of collectivist principles. Martin maintained that the small individual farms may be more efficient than the large units organized collectively in small countries with large populations, such as Japan. *Brown* observed that the agricultural system in a country is related to several factors, for example, the country's social history and type of crops grown.

On the subject of massive agricultural programs inaugurated by several OPEC states, *Brown* expressed skepticism. He argued that these countries lack the know-how to use their capital effectively. Just as oil is a matter of political economy so is food. The control of food supplies represents power. Because food cannot be

removed from the political arena, the central question becomes—to what use will this power be put? *Aziz* agreed that food and politics are integrally linked. If the developing countries can amass large food stockpiles, they can help prevent the use of food as a political weapon.

Brown suggested that food can be used as a tool in the process of building a new international economic order. In times of food shortage, the international community should look askance at supplying a country which exacerbates the food problem by excessive agricultural secrecy and fails to apply agricultural reforms. He recommended a new Canadian aid program which strives to help only those Third World countries which exhibit a certain extent of self-help. (Ed. note: Does this point offer a new challenge to the traditional concepts of sovereignty?)

ACTION AT THE SPECIAL SESSION

Section V of the Special Session Resolution (3362) deals with Food and Agriculture. The recommendations were arrived at without much disagreement or need for compromise. Perhaps this was because so much agreement had already been reached a year ago at the World Food Conference and refined in June, 1975 at the first meeting of the World Food Council. However, the Special Session extended the agreement further in several important areas.

Basically, the resolution reiterates that "the solution to the world food problem lies primarily in increasing rapidly food production in developing countries." More aid and technical assistance in the agricultural sector is called for, greater access to markets of developed countries for food and agricultural products is needed, and (perhaps most fundamentally) a higher priority to agricultural and fisheries development in the developing countries needs to be accorded.

Support was given to the work of the Consultative Group on Food Production and Investment (CGFPI), the International Fertilizer Supply Scheme, and to the establishment of a new International Fund for Agricultural Development, all monitored by the World Food Council.

Strong endorsement was given to the expansion of agricultural research, to the need for long-term planning of food aid, and to an international undertaking on world food security. Pending the establishment of a world food-grain reserve, the resolution

calls for all countries in a position to do so to "earmark stocks and/or funds to be placed at the disposal of the World Food Programme as an emergency reserve to strengthen the capacity of the Programme to deal with crisis situations in developing countries. The aim should be a target of not less than 500,000 tons."

NEXT STEPS

NGOs played a significant role of monitoring and lobbying at the World Food Conference in 1974. Many NGO representatives were present at the first meeting of the World Food Council in Rome in June 1975. The food issue will be taken up in the immediate future in several places.

Since the Special Session there has been a meeting in Rome (late October, 1975) of countries interested in the establishment of an International Fund for Agricultural Development (IFAD) and general agreement on a target of 1,000,000 SDRs. (This is foreseen by pledges of $200,000,000 from the United States, $200,000,000 from the EEC, and $100,000,000 from other OECD countries; to be matched by $500,000,000 from the OPEC countries who sponsored the resolution setting up the fund at the WFC). A pledging conference for the IFAD will be held in Rome in December and the fund should be established by January 1976.

In November 1975 FAO had its General Conference in Rome at which time FAOs role in implementing the Special Session resolution was approved.

The body with the overview of implementation of these recommendations is the World Food Council, a thirty-six member high-level political committee with a small monitoring staff headed by Dr. John Hannah, former head of the United States Agency for International Development. The Council will hold its second meeting in Geneva in March 1976. The IFAD, the CGFPI, and agencies such as FAO, WFF, UNCTAD and IBRD will submit reports to the World Food Council on progress in implementing the various food-related aspects of the Special Session Resolution.

The issues for NGO concern are broadly three-fold: (1) emergency food supplies for the hungry, particularly women and children in the most seriously affected countries, (2) greater priority for agriculture in the development plans of the developing countries, and (3) increased international resources for agricultural development both in terms of technical assistance and investment funds.

VIII

INTERNAL DEVELOPMENT STRATEGIES

The UN's Committee for Development Planning, an 18 member group which meets periodically to review and appraise progress on the International Development Strategy, is one of many groups cautioning that most development action does and should take place in the developing countries themselves. At its last meeting in April, 1975, the Committee had this to say about internal development strategies.

"The new order has quite rightly been emphasized as international—and yet the even more important issues for development in most cases remain internal.

"There is some danger that the public and the elite in various countries may get caught up in the notion that a great surge of transnational redistributive justice in the world is about to lessen the need for internal reform. This is surely not the case. As the International Development Strategy itself correctly indicates, most of the dominant issues of development have to be thrashed out domestically. These include difficult but often essential needs for radical social transformations, for spurring agriculture, for broadening rural development, for mounting more effective direct attacks on the poverty and underemployment of weaker groups. International redistribution offers no painless substitute for these required reforms. In most countries, in short, there is need for joining a new internal economic order to the New International Economic Order."

The Forum devoted one session to this subject even though it was not, as such, a part of the Special Session agenda. It looked at

different patterns of development at the national level, with a background understanding that development varies from country to country and is not simply a matter of different styles of the same pattern. The strategy of self-reliance, or auto-centered development was analyzed (using the obvious models of China and Tanzania), and the capitalist approach was criticized by several panelists. (See particularly the Questions and Discussion section).

The Forum session is chaired by *Ismael Sabri Abdallah*, the Director-General of the Institute of National Planning of Egypt, who opens the discussion acknowledging that there are many different forms of development strategy yet there are nine guidelines which are, or should be, common to them all. *Enrique V. Iglesias*, the Uruguayan Executive Secretary of ECLA (Economic Commission for Latin America) tells about a new pattern (strategy) for development which is needed in Latin America in order to even out the benefits of development for the whole population. *Fawzi Mansour*, an Egyptian with the UN African Institute for Economic Development in Dakar, Senegal, reacting to the two previous speakers, narrows down the choices of strategies to two—integration into the present world system, or the self-reliance/auto-centered strategy—and opts for the latter.

The last three panelists look at particular countries as examples. *Leo A. Orleans*, a China Specialist at the U.S. Library of Congress takes China; *Mrs. Inga Thorsson*, Under Secretary of State of the Ministry of Foreign Affairs of Sweden, looks at what the reaction should be of the industrial countries such as Sweden; and *Paul Bomani*, Tanzania's Ambassador to the United States, looks at Tanzania.

ISMAEL-SABRI ABDALLAH

Ismael-Sabri Abdallah is Director-General, Institute of National Planning for Egypt. He received his Ph.D. in Economics from the University of Paris. Previously a Professor of Economics in Alexandria and Cairo Universities, he was a member of the Egyptian Cabinet as Minister of Planning (1971-1975).

It is necessary to stress that development in the Third World countries can proceed along different lines. However, there are certain basic guidelines which any developmental strategy should follow.

1) Self-reliance. A developing country should attempt to rely on its own modernization efforts. It is the duty of each government

to use all available national resources. Foreign assistance should be viewed as something over and above national effort.

2) Self-centeredness. National development should be self-centered in the sense that a major effort should be made to satisfy the basic needs of the broad masses of the population. Included in this concept is the need to secure economic independence. There are strings attached to foreign aid which prevent a country from developing along the lines it may desire.

3) Science and technology. The adaptation of western technology to the needs of developing countries is generally preferable to the direct transfer of such advanced technology. For the most part advanced technology is capital intensive which contrasts with the fact the developing countries generally require labor intensive technology. An attempt should be made to have new technologies relate in a positive manner to the prevailing values in the developing countries.

4) Imitation. It is not necessary for the developing countries to imitate the processes of development which have occurred historically in the developed countries. It is possible for the developing countries to create entirely new civilizations.

5) Democracy. A truly effective development strategy requires the participation of the masses in decision-making at all levels of the society. Formal structures which do not permit true participation should be avoided. A certain degree of decentralization is helpful in the process of modernization. Authoritarianism and elitism should certainly be avoided.

6) Integration. Integration among neighbouring developing countries can prove beneficial to modernization goals. Regional integration is especially recommended where the countries adhere to the same culture.

7) Intra-Third World Co-operation. Increased co-operation among Third World countries should be promoted. Increased co-operation can be useful in helping to solve the common problems faced by many of the developing countries.

8) Better Deal. The time has come for the developed countries to give the Third World a better deal. All participants in the increasingly interdependent international community should have access to equal benefits.

9) Role in World Affairs. The Third World should be given a greater role to play in the international community and its organizations.

ENRIQUE V. IGLESIAS

Enrique V. Iglesias is Executive Secretary of the United Nations Economic Commission for Latin America (ECLA). An Uruguayan economist, he has occupied high

posts in the Government of his country, in various organs of the Inter-American system and in the United Nations. He has written a number of articles and essays on economic matters relating to Latin America and Uruguay on such issues as the capital market, the exchange system in Uruguay, external financing, the struggle for multilateralism, and IDB policies for the 1970's.

The basic question we face is development by whom and for whom? The sources of inspiration for growth are essentially the experience of the developing countries. Yet the approaches are contradictory and problematical.

To illustrate the difficulty, let us examine the Latin American experience of the last 25 years. During this period Latin America has not done that badly. The GNP has grown, a powerful industrial sector has been developed (especially in energy, steel and exports) and an impressive urban sector has been built up. But these are superficial qualities of internal growth. Of Latin America's 320 million people, 100 million live below the level of a decent life. Urban employment and regional economic imbalances give the lie to the growth myth. The modern sector is, in short, not a part of Latin America, but of the developed world. The pressure under existing patterns of growth is towards greater inequality and more severe imbalance as the urban sector embodies even more the qualities of the developed countries.

What is needed is a new pattern of economic development in Latin America. The changes required are not merely of a technical sort. They will require political intervention rather than reliance on market forces alone. Five opportunities for changes exist which would redirect the patterns of economic growth in Latin America.

1. A change in the nature of production concomitant with the inclusion of the masses as full participants and consumers.

2. A change in styles and patterns of mass education with an emphasis on practical vocational training.

3. A revision of technical structures to be more labour absorptive.

4. An increase of emphasis on self-reliance through regional development and co-operation across national borders.

5. An increase of appreciation of the extent to which Latin America is linked to the world, and the extent to which domestic economic justice interacts with world economic justice.

It is possible for Latin America to achieve balanced and equitable internal economic growth which would include all sectors of society. But this eventuality will require a full appreciation of the concept of self-reliance.

FAWZY MANSOUR

Fawzy Mansour is Professor and Research Co-ordinator of the UN African Institute for Economic Development and Planning in Dakar, Senegal. An Egyptian citizen, Professor Mansour holds an LL.B. and PH.D. degree in Economics. Previously he was Director of Higher Institute for Socialist Studies (1966-69) and Director of the Middle East Research Center at Einshams University, (1969-1974).

While supporting the remarks of the two preceeding speakers, one or two points may need clarification. Two different development strategies now seem to be contesting with each other on the Third World scene. The one, which seems to underlie many efforts associated with the present UN Special Session, accepts the greater integration of the developing countries into the world economic system, while at the same time trying to modify this system in favour of developing countries. The other strategy believes that growing out of the present state of underdevelopment progress can be achieved only when the given developing country relies primarily on its own resources and pursues a line of auto-centered development. It does seem, at first sight, a question of emphasis: the first strategy does recognize the necessity of self-reliance, while the second strategy does not neglect or minimize the gains from the reformed, even a slightly reformed, international order. The difference, however, is an important one, since the first strategy—at best—thinks that self-reliance can be reconciled with a basic acceptance of the present world economic system itself, which, in the long run, can be really and radically modified.

It is my belief that the second strategy is the correct one. The first strategy is essentially an attempt to redistribute the world's wealth in a manner similar to the way social democracy in the twentieth century aimed at—and succeeded in—redistributing the wealth within industrialized capitalist countries. It can be aptly called plenary social democracy because, like social democracy on a national scale, it uses the same methods, that is, the common economic struggle of the under-privileged coupled with political action inside parliament or its world counterpart, the United Nations system, without questioning the basic assumptions of the International Economic Order itself.

It is very doubtful that plenary social democracy can achieve the same success it scored at the national level. First, the gaps, especially in technical knowledge and power between rich and poor countries is much greater than the gap between the rich and poor citizens of a single country. Second, the homogeneity of the

laboring masses within a country (sustaining them in a common struggle) is far *greater than the homogeneity* of economic conditions of various Third World countries. Third, the margin, especially the surplus extracted from Third World countries, which allowed social democracy to work within developed countries does not, by definition, exist for the world as a whole. Most important of all, the greater integration of the developing countries in the world economic system as it is presently constituted, and however marginally modified, is apt to frustrate rather than enhance their ability to mobilize fully their own resources. It is, as things stand now and are likely to continue, the antidote to self-reliance and not a complement to it. This is no invitation to isolationism or autarchy but an attempt to clarify and spell out the consequences of various options.

LEO A. ORLEANS

Leo A. Orleans is a China Specialist at the U.S. Library of Congress. He was born in Russia and spent the first fifteen years of his life in China, coming to the United States in 1939. After a period in the Air Force and in graduate studies, he joined the Library of Congress in 1951. He is the author of Every Fifth Child: The Population of China *(1972),* Professional Manpower and Education in Communist China, *and numerous articles on China, primarily in the fields of population, public health, science and education. In the summer of 1973, Mr. Orleans visited the People's Republic of China as a member of the American Medical Delegation.*

China has come a long way in the last twenty-five years in terms of economic development and national prosperity. From a poor, backward and war-ravaged country, China can now boast of basic self-sufficiency and an ability to feed its population, one-fifth of the world's total, with one-tenth of the world's arable land. The road to development was not easy, there were "zigs" and "zags".

Four major interdependent thrusts of the Chinese development model can be noted. The first is population control. Statements to the contrary, the Chinese leadership realizes the problems which result from overpopulation and have sought to prevent it. This has been done by decentralizing and expanding public health and family planning facilities down to the local levels. China is now self-sufficient in contraceptives, (pills, IUDs, diaphragms, etc.). Abortions, though not encouraged as an answer to population control, are readily available, as are vasectomies and tubal ligation. Late

marriages and small families are major national priorities. Perhaps most important, however, is the effort to reduce the population which has had all the characteristics of a mass national campaign in which the people have become politically involved, down to the local levels through such organizations as the Young Communist League, women's federations and trade unions.

The Chinese have correctly maintained that none of these programs would be effective without changes in the socioeconomic environment—changes that also alter the people's mental and emotional makeup and help overcome traditional barriers to development. One of the important changes in this connection is the considerable progress that has been made in enhancing the status of women. They are better educated, employed, more self-reliant and better able to make their own decisions regarding marriage and the number of offspring.

The second major thrust of Chinese development has been the emphasis on the agriculture sector as the foundation of the national economy. This decision was made in 1961, when, following some serious setbacks, the leadership realized that placing major emphasis on the industrial sector was not appropriate for China. Therefore, agriculture has been improved by both traditional approach (i.e., massive labor inputs) and the modern approach (selective adaptation of science and technology). By using this "walking on two legs" approach, the Chinese have expanded irrigation and drainage systems, reclaimed land for agriculture, improved soil and seeds and greatly increased the production of fertilizer. Also, the Chinese peasant is now more skilled, better educated and motivated, and therefore more efficient and productive.

The third thrust has been in the field of public health. Here, Peking emphasizes preventive, rather than curative medicine. The people are taught sanitation and health care. Another basic factor is the role of traditional medicine which has been integrated with Western medicine, and fully utilized in the national health program. In order to increase the health manpower as quickly as possible, large numbers of paramedics have been trained to supplement doctors and provide primary health care. Health care methods, like those of agriculture and population control, were developed by the Chinese themselves and adapted to their own needs and customs, which is the main reason for China's developmental success. The system is decentralized and each administrative unit decides for itself what its local priorities are and which resources are needed. The most important aspect of the health system is that despite its uneven quality, the overwhelming proportion of the population has quick access to medical attention and care.

The fourth thrust relates to education, where despite very significant achievements, China has also undergone a number of rather drastic cycles in her efforts to achieve both political reliabil-

ity and technical proficiency among the youth. Some of the most drastic changes came about when schools were reopened after the Cultural Revolution. Although universal primary education has not yet been achieved, a large proportion of the school-age children are able to attend school. Secondary education which has been mostly reduced to 3 or 4 years is also expanding. As a result, China should have no problem in continuing to train ever larger numbers of low and middle-level technicians both for local industries in the countryside and for the urban economy. However, although the reduced curricula in higher education and integration of this education with productive labor has practical value, some questions remain about this system's ability to train specialists for top positions in science and technology.

Finally, in keeping with the theme of the Special Session, it can be stated that although much can be learned from the Chinese model of development, it is not transferrable in its entirety to other countries. What makes it work in China is a combination of something old (the Chinese nation and people) with something new (an extremely efficient control system). The Chinese population is largely homogeneous with a long historical unity, and culture and traditions that go back thousands of years. Furthermore, because of incessant propaganda and education, this population is more politically conscious than most, making it possible for the leadership to carry out mobilization campaigns for a variety of purposes that involve practically the whole population of the country. The controls are practiced with considerable skill, making sure that the people are highly motivated and that they feel a sense of participation in the decision-making process.

INGA THORSSON

Mrs. Inga Thorsson is a member of the Swedish Riksdag. She is also Under-Secretary of State, Ministry for Foreign Affairs, Chairman of the Swedish Disarmament Delegation, Chairman of the Board, Secretariat for Future Studies, Former Chairman of the Social Democratic Union of Women, and Former Head of the United Nations Division for Social Development. She was educated at the Stockholm School of Education.

To address the role of the industrialized nation within the context of internal development strategies, one can point to the ever-increasing growth patterns as measured by GNP and the growth rates of GNP which, together with an unequalled concentration of power, have characterized the industrialized world for the past two hundred years in order to see that it is long overdue for the industrialized nations to examine critically their own patterns of

life as well as to contribute substantially to the developing nations.

There are two distinct consumption patterns which characterize the growth process, one of which functions within a well-planned and efficient model, and the other which is exemplified by conspicuous spending and waste. The latter has become synonymous with the modern industrial society. This phenomenon has been made possible by both a tremendous advance in science and technology, which has had a profound effect on every facet of human existence and which remains in the hands of a wealthy few; and cheap and abundant energy which is unsustainable over a long period of time.

Hence, the consumption patterns of developed and developing nations differ widely, examples being the energy consumption of the US which is currently 191 times greater than that of Nigeria, and US steel consumption which is 123 times greater than that of Pakistan. Waste on the part of developed nations is overly manifest in their overconsumption of food, water, energy, fertilizers and armaments, a type of economic orientation in part made possible and sustained by a large and dynamic advertising industry and influencing values and life-styles, exercising tremendous power of consumption habits and levels.

The answer to whether or not the economic systems of the industrialized world should be preserved depends in large degree on the extent to which they have contributed to the goals of justice and social equity. However, the present structure of the world economy is predicated on a concentration of power in the hands of a wealthy minority, ever increasing levels of consumption beyond the point of economic saturation, and promoting the ever increasing participation in the armaments race. It has *not* contributed to achieving increased social justice and equity.

In the place of such an economic system, a new type of economic growth pattern is recommended—one which does not preclude growth entirely, but which operates out of a redirection of scientific and technological development, which implies using the production capacity to satisfy the needs of the poor anywhere. The outcome of such a redirection will be a change in the average life styles of the industrialized nations. Some limits will have to be set to raising consumption levels, some maximum will have to be imposed.

Such changes as these, however, will take a long time to implement for several reasons. The very nature of politics itself is a continual deterrent to such actions given that politicians are loath to take what at the time are unpopular steps, especially those involving the imposition of new lifestyles geared to decrease overconsumption. Beyond this, there is a sharp divergence of views among those experts who inform politicians, which ultimately acts to inhibit the necessary political action.

Although the Swedish Government still supports the creation

of a new international economic order, it still has to analyze fully the various consequences of change within the economic system of its own country. Most important of all, within such a context, is the defining of the content and significance of what has been called the "existing margin of freedom" in satisfying basic needs within the limited resources of this planet. To conclude, if positive changes in the current world economic order are to take place, politicians must continue to be advised, convinced and supported by enlightened and concerned citizens as those who work within the framework of non-governmental organizations.

PAUL BOMANI

Paul Bomani has been Ambassador of Tanzania to the United States since 1972. Previously active in the political and economic life of Tanzania, he served as Minister of Agriculture and Co-operatives (1960-1962), Minister of Finance (1962-65), Minister for Economic Affairs and Development Planning (1965-70) and Minister for Commerce and Industry (1970-72). He also served as Governor of the World Bank for Tanzania (1962-70).

The world has experienced a worsening in the condition of national and international economic institutions. Despite the current world-wide discussion of these economic problems at the United Nations, in Lima, in Washington, D.C., etc., no new solutions or approaches to the implementation of old solutions have been forthcoming. Recently, however, the Third World has faced the developed countries in a way which may encourage improvements in this situation. Specifically, one can look to the salutary outcomes of the Commonwealth meetings in Kingston, Jamaica last spring, 1975, and the Guyana meeting of Commonwealth Finance Ministers as examples of such progress.

The basic difficulty facing the developing countries is the apparent acceptance of economic growth strategies which are unrelated to their needs. Appropriate solutions have not been offered by extant helping organizations, which are badly in need of restructuring. Measures such as price guarantees for commodities cannot solve the problems of development. A frontal attack on the world economic order by the developing countries is required, which would result in inclusive permanent structures capable of providing everlasting solutions. Thus the "gap understanding" would be bridged.

The responsibility of the developing countries is clear. They must "put their houses in order." As long as inequality within the developing country exists, their posture as a positive force in the world order is weakened.

The Tanzanian experience provides an example of how one country sought its own approach to internal development. Using the principle that domestic institutions should be structured to serve the needs of the popular majority, Tanzania's economic structure was examined and found wanting. The goals of social equality, co-operative activity, self-reliance and social transformation were used to provide direction to a restructuring of Tanzanian institutions. This process has been termed *Ujamaa*.

Noting first that the vast majority of Tanzania's population lives in rural areas, the thrust of institutional change was pointed in that direction. It was noted that the redistribution of wealth *per se* was not the sought after objective. Rather, it was the creation of institutions which would increase the participation and productivity of every Tanzanian citizen. Thus in Tanzania:

1) the structure of government has been radically decentralized in favor of local representation at the rural level;

2) rural development banks have been established to provide credit to small landholders;

3) isolated farmers have been consolidated into rural communities which are more productive and better able to finance locally incurred agricultural development debt;

4) a nation-wide attack on illiteracy at the rural level is being prosecuted with an emphasis not only on reading and writing, but on skills training;

5) Tanzanian women have been granted full franchise, and are expected to participate fully in national life.

These changes have led to political participation and a direct responsibility for growth diffused throughout Tanzanian society. Thus the goal of growth through self-reliance will be realized for Tanzania's unique needs and cultural experience.

QUESTIONS AND DISCUSSION

Q. Is the socialist model the necessary one to ensure social participation in the internal development of the developing countries?

Mansour: Yes. The requirements for growth include a socialist structure. Self-reliance *means* reliance on the masses to support the development process. The aim of development is not to ape the patterns of consumption in the developed countries. Appropriate technological development—adapted to existing cultural needs—must provide satisfaction in work. This last cannot occur in capitalist structures.

Q. How can labor-intensive technology for development be defended when capital-intensivity is a clearly superior engine for economic growth?

Abdallah: The developing countries cannot repeat the capitalist process. Capitalism, in any case, will stop someday. The focus on capital-intensivity is annihilating to national cultures. Socialism, with its focus on human participation and the maintenance of cultural patterns will be the preferred route and, of necessity, relatively labor-intensive.

Q. Japan and Taiwan, Korea and Singapore are experiencing rapid development via capitalism. What do you say of them?
Mansour. The question really is development by whom and for whom? Underneath the macroeconomic statistics is the reality of relative standards of living within countries. They must be examined for a complete assessment of the gains from growth.

Q. What form of austerity is advocated if the standards of living in the developed countries must decline during the transition period?
Thorsson. The point is that there are limits to consumption in the developed countries. The change in consumption patterns will become patent once the redirection of production in the developed countries (to better serve the poor countries) is established. The process of redirection, it should be noted, cannot occur under capitalism.

Q. Is there any eventuality which would cause developing countries to opt out of the current joint participation in establishing a new world economic order if self-reliance is taken to its extreme?
Mansour. Yes, to escape the invidious requirements of the present structure of international financial institutions. These institutions flow from and assume a capitalist model. I do not, however, think that this opting out of the present economic system can be done by the Third World as a whole or even by a group of developing countries. Each country stays in or opts out as a function to its own internal development. Meanwhile, they all have interest in securing as many possible modifications of the present system as they can, though, of course, these modifications will remain marginal for a long time to come.

ACTION OF THE SPECIAL SESSION

The General Assembly did not consider internal development strategies, as such, as these are internal questions for each country. However, it recognized the usefulness of mutual co-operation

among developing countries for their development strategies. Section VI of the Resolution deals with this.

The Resolution seeks to have developed countries and organizations of the UN system, especially UNCTAD, UNIDO and UNDP, support and assist developing countries in strengthening and enlarging their mutual co-operation. Continued support of projects and activities of existing subregional and regional arrangements, particularly by UNCTAD and the regional commissions, are to be augmented by special studies to be submitted by the Secretary General to the 31st General Assembly covering (1) use of existing resources of developing countries for promotion of investment, (2) grade liberalization measures and (3) transfer of technology.

NEXT STEPS

A report of a Committee of Experts on Economic Cooperation Among Developing Countries convened by UNCTAD in October 1975 will be submitted to the UNDP Governing Council in January, 1976, to the Trade and Development Board in March, 1976 and to ECOSOC at its next session.

A series of regional intergovernmental meetings on technical co-operation is to be held in 1976 in each developing region in co-operation with the UN Regional Commissions concerned (Bangkok, February, 1975, with ESCAP, Lima, May, 1976, with ECLA; and with ECA and ECWA in late 1976) to be followed by a World Symposium on Technical Co-operation Among Developing Countries in 1977.

IX

GLOBAL STRUCTURES

It has become increasingly clear that the international institutions which have been furthering social and economic co-operation are no longer adequate to meet the changing world situation. Those institutions that are part of the United Nations system were created thirty years ago when power balances, the thrust for development, and the economic map of the world, were quite different from today.

Proposals for re-ordering the economic and social aspects of the UN system have been put forward by a Group of 25 Experts who were nominated by their governments but acted in their individual capacity. Their report, called "A New United Nations Structure for Global Economic Co-operation," makes two sets of proposals for change. One deals with the way the General Assembly, its committees, and the Economic and Social Council conduct their deliberative, consultative, and policy-making work. The other kind of proposals deals with the operative side of the UN's myriad of development programmes.

The details of the Group of Experts report are set out in the presentation by *Uner Kirdar*, Senior Officer in the UN's Office for Inter-Agency Affairs and Co-ordination and the key Secretariat officer working with the Group.

The Forum panel included three ambassadors from different regions of the world, the chairman and secretary of the Group of Experts, and the President of the well known research and public education bodies in the United States in the field of development. The Chairman of the Panel, *Ambassador Kanakaratne* of Sri Lanka, stresses, in his opening remarks, the vital importance of the human factor. A system change, he contends, may not necessarily change anything if there isn't a change of people and at-

titudes to go with it. Ambassador *Al Noor Kassum*, a Tanzanian, presently Minister of Finance and Administration of the East African Community, was the chairman of the Group of Experts. He elaborates on the need for the Group's work—a) the time factor (structures outdated) and b) the new international economic situation (the NIEO)—and makes the point that the Group's work, over a short timespan of twelve weeks, should be considered as part of an evolutionary process.

James Grant, President of the Overseas Development Council (Washington) gives two other views of the urgent need for restructuring. first, the UN is more important than ever before in order to keep the world running and is, as a consequence, involved in more aspects of international economic and social management than originally imagined; and second, the Third World nations now need more of a say in the UN than they were given 30 years ago.

Ambassador Johan Kaufmann of the Netherlands tells about his country's attitude to the NIEO, believing that it is possible to remodel the present system. *Ambassador Donald Mills* of Jamaica stresses that the UN reflects the world, that the world has changed over the past 30 years and, therefore, the UN must change. He also sees the value of certain economic and social discussions being held outside the framework of the UN, even outside the framework of governments.

Richard Gardner, professor at Columbia University and Rapporteur of the Group of Experts lists ten gaps which are not presently being filled which necessitate restructuring. He also mentions the areas on which the Group of Experts either could not reach agreement, or did not have time to consider, and were, therefore, left out of the report: the question of accountability; human rights concerns; and the relationship of NGO's to the UN.

BRIEFING

UNER KIRDAR

Uner Kirdar is Senior Officer in the UN Office for Inter Agency Affairs and Co-ordination. A national of Turkey, he was educated at the University of Istanbul, the London School of Economics and Cambridge. Prior to joining the UN in 1972 he held various posts in the Ministry of Foreign Affairs of Turkey including Deputy Permanent Representative of Turkey in Geneva (1966-72.)

One of the two main purposes of calling the Seventh Special Session of the General Assembly, according to resolution 3172 (XXVIII), is "to initiate the necessary and appropriate structural changes to make the United Nations system a more effective instrument of world economic co-operation". To facilitate this task a small group of high-level experts was appointed by the Secretary-General, on the nomination of governments, to submit a study containing proposals on structural changes.

The Group of Experts reached unanimous agreement on a report entitled "A New United Nations Structure for Global Economic Co-operation". The declared purpose of the proposals in this report is to make the United Nations structure fully capable of dealing with problems of international economic co-operation in a comprehensive manner. According to the Group of Experts the following represent major problem areas where structural improvements are necessary:—

a) fragmentation of effort; b) decision making; c) methods of work; d) levels and type of representation; e) the artificial separation of planning and operations; f) the quality of the international staff; g) functions not yet adequately performed in the institutional structure; h) problems of universality of membership; and i) regional structures.

The report proposes a number of major changes:—

1. To restructure the economic and social portions of the Secretariat, under a Director-General for Economic Co-operation, second in rank to the Secretary-General, with authority over both operations and policy research and a key coordinating role throughout the United Nations system. The Director-General would be a national of a developing country so long as the Secretary-General was a national of a developed country; if the Secretary-Generalship was occupied by a national of a developing country, this arrangement would have to be reviewed.
2. To consolidate all operational funds of the United Nations (except, for the time being UNICEF), although keeping their separate identities for earmarking contributions, into a single United Nations Development Authority, headed by an Administrator who would be one of the two Deputies to the Director-General.
3. To reorganize the Department of Economic and Social Affairs under a second Deputy to the Director-General for Research and Policy so that it could do high-level integrated research, policy planning and analysis for the Economic and Social Council.
4. To create an Inter-Agency Advisory Committee, chaired by the Director-General and served by a joint research and planning staff, to provide an integrated approach to all the United Nations system's economic activities.

5. To reorganize the work of the Economic and Social Council and streamline its structure, so as to provide central economic and social policy guidelines to the United Nations system. Most of the Economic and Social Council's commissions and subordinate bodies would be abolished and the Economic and Social Council would assume direct responsibility for the work of these groups. The Human Rights Commission would be maintained but its work would be reviewed by the General Assembly, not the Economic and Social Council.
   The Economic and Social Council would adopt a biennial calendar, beginning in January of the first year with an organizational session and proceeding to specialized sessions on natural resources, environment, population, social problems, etc. with appropriate senior officials from capitals. The Economic and Social Council's calendar would also include an annual one week ministerial session, focusing on current world economic questions; two sessions of about two weeks to carry out in succession: i) a review in alternate years of programme budgets and medium-term planning respectively, of the entire United Nations system; and ii) a review of the operational activities to be carried out by United Nations Development Authority.
6. In place of world *ad hoc* conferences and periodic global conferences such as UNCTAD and UNEP, when appropriate to hold special sessions of the General Assembly; to rename the Second Committee of the General Assembly as the Committee on Development and International Economic Co-operation and to transfer certain social development items now in Third Committee to that Committee; to rename the Third Committee as the Committee on Social Problems, Human Rights and Humanitarian Affairs.
7. To establish new consultative procedures under the General Assembly and the Economic and Social Council, to promote agreed solutions on specific action proposals in economic and development areas, especially on highly technical issues; these will entail small negotiating groups to work for one to two years in an attempt to find agreement under a full-time chairman. These groups, consisting of countries principally interested in the subject matter and broadly representative of United Nations membership, would operate on the basis of unanimity and their agreed solutions could then be voted by the Economic and Social Council and the General Assembly. During the two year period, however, the General Assembly and the Council would be free to consider subjects under discussion in the groups and to vote resolutions thereon.
8. To rationalize and co-ordinate programming and budget-making, synchronize budget cycles, etc. throughout the United Nations system.

9. To redirect the specialized agencies towards their original research and standard setting functions, and to give countries receiving development assistance a wider choice of who should execute a given project. (Hitherto execution has usually been automatically assigned to the appropriate specialized agency.)
10. To foster the establishment of a comprehensive International Trade Organization, which would incorporate UNCTAD and GATT into a single organization with two chambers, one concerned with broad policy and the other with trade negotiations, with the possibility of establishing a third chamber, an umbrella commodity organization.
11. To change the distribution of voting rights in the World Bank and Fund so as to reflect the new balance of economic power and give developing countries a greater vote.

The proposals for restructuring should be implemented in stages over a five-year period to assure at every stage that the interests of all countries are being served. A Committee on the Structure of the United Nations system should be established. Two complex "insurance policies" are included in the report to reassure developed and developing countries, respectively, that their interests will not be sacrificed in implementing the above proposals concerning UNCTAD and the United Nations Development Authority.

THE FORUM

NEVILLE KANAKARATNE

Neville Kanakaratne has been Sri Lanka Ambassador to the United States since 1970. He was educated at Cambridge and Middle Temple (London). He was formerly legal adviser to the Permanent Mission of Ceylon to the United Nations and a member of Ceylon's Delegation to numerous session of the UN General Assembly. He was legal adviser to the Secretary-General's Special Representative in the Congo (1960-61), Political Adviser to the Commander, UN Emergency Forces in the Middle East, Legal Adviser to the Commander UN Forces in Cyprus (1964-65), and represented Ceylon at UNCTAD III (Santiago) and at various UN Conferences on Shipping.

The failure of global economic co-operation has not been caused by the existing structure of the United Nations system. Because global economic inequality today implies that there has been

a grave lack of achievement in global economic co-operation, we must review the structure. Yet in so doing, the most vital and relevant question should not be neglected: what is the real cause or causes of this lack of past achievement? The answer to this question consists of four major elements: institutional weakness, policies of governments, managerial and technical skills, and human nature. The United Nations is not a glass building—it is those who occupy it. This includes the international civil servants who interpret crucial decisions affecting the lives of many human beings, and the representatives of sovereign states who make these decisions.

Any recommended solution for a new system of global economic co-operation is futile unless we work at the reasons for failure in the existing system. On the other hand, if the system is reorganized we must not adopt a naively optimistic outlook for the future merely because the system has been restructured. The crux of this dichotomy is the fact that international arrangements cannot be expected to exist without political implications. The draftsmen of various elements of the United Nations system could not foresee that their original concept for expressing political will would be untenable in today's world. Throughout, decisions have always been made on the basis of short term political considerations and the immediate advantages of nations or groups of nations. There has often been hypocrisy among member governments who pursue national objectives which are inimical to international progress.

Political will is essential to changes in structure. Even if the UN structure is re-organized one must take into account that all the international civil servants, who are the operational executants, have not changed. Furthermore, the greatest problem of the developing countries is that their limited resources of brainpower—economists, lawyers, engineers, etc.—are being drained out by many international organizations. The developed countries should make arrangements with the developing nations to mitigate this drain; the developing countries need charity at home.

Thus many grandiose proposals leave unanswered questions. How are we going to man the eight new international institutions or agencies proposed by Dr. Kissinger? Is the brain drain going to continue? Are international civil servants as objective in practice as they are expected to be in theory?

The developing countries' objective is not the acquisition of power; rather it is the demand for international social justice and for participation in the vital decisions affecting international economic affairs. Less than one-sixth of our world live excessively comfortably and make decisions about the poor majority which are of paramount importance to them but in which the latter have no actual voice.

A solution to this dilemma would be a change in the political will of the rich and powerful nations. We must cease blaming the system for problems of our own creation and recognize that those who operate any system are human beings in the last resort with their own national and other prejudices.

In general we need a revitalization of UN bodies in spirit rather than in structure. A new spirit should be infused, above all, into those men and women who become "international" civil servants. The massive dominance of the influences of industrialized countries should be lessened in the future. As suggested by the Swedish Minister, quoted in the *New York Times*, in his address to the Special Session of the General Assembly a few days ago, what is required in the first place is a change of political will, not a restructuring of the system of the UN.

AL NOOR KASSUM

Al Noor Kassum, a lawyer by training, is currently Minister for Finance and Administration of the East African Community, comprising Kenya, Uganda and Tanzania. He was Chairman of the Expert Group of 25 on the Restructuring of the UN System. He has worked in various capacities for the Tanzanian Government as well as a junior Minister. He was also Chief Whip of the political party led by President Julius K. Nyerere. He served with UNESCO in Paris and later headed its New York Office before being appointed Secretary of the UN Economic and Social Council.

The Group of Experts were brought in at a critical moment in the history of the United Nations. The appalling number of both economic and natural disasters which have shaken the world clarified the need to inspect those institutions designed to helping the international community such as the UN and resulted in the recognition that those institutions are not geared to respond as well as they should.

Structural reform of the UN must reflect the structure of the new international economic order. Because that itself is not yet entirely clear, however, the task of the Group of Experts was a difficult one. It required an analysis of the kinds of restructuring necessary to promote universal solutions to new and increasingly serious world problems, and included questions of institutional proliferation, coordination, decision-making processes, and the roles of the financial institutions and specialized agencies. The decisions reached on these sorts of topics on the part of the Group of Experts as a result, were intended to provide a basis for a new structural reform.

The UN system acts as a catalyst in that it provides a forum wherein matters may be deliberated and problems resolved, including such problems as transfers of resources.

Although some critics have charged that the Group of Experts recommended the curtailing of some UN activities or the elimination of certain agencies, the Group of Experts in fact did not propose that any UN activities cease, but rather that their efforts be made more efficient, regular and in-depth. The goals of the Group of Experts included making the role of the UN more effective in continuing to seek answers to the world's problems. The Group had to find solutions acceptable to the international community as a whole in only twelve weeks. The conclusions and recommendations of the Group were intended as a basis upon which a new structure would evolve over the next two to five years. Any contribution toward that evolutionary process must itself take change into account and so itself be evolutionary.

JAMES GRANT

James P. Grant has been President and Chief Executive Officer of the Overseas Development Council since its establishment in early 1969. Previously he worked as Deputy Assistant Secretary of State for Near East and South Asian Affairs and as a Director and Administrator for the Agency for International Development. Experienced in economic development issues in low-income countries, particularly those in Asia and the Middle East, he is the author of numerous articles on development and on issues affecting US relations with the countries of Asia, Africa and Latin America.

How can the UN system be made more responsive to the Third World? Basically there are two approaches to this goal: 1) through UN procedures for policy and decision-making, and 2) through the structure of the UN operational system. Change is needed in both areas, particularly in the operational area. At this time in history, there are two major recent changes that compel restructuring the UN system.

First, the UN system is becoming more important to keep the world running. The sheer increase in gross global product, for example, leads to environmental overloads and problems such as over-harvesting the sea. Inasmuch as the present system is not changing fast enough to deal with such problems, we increasingly need a new international system.

Second, developing countries want more of the benefits of

economic growth and a greater share in the decision-making processes. When the present system was developed thirty years ago, it was developed by the powerful countries and tailored to meet their own needs. Change in the international systems are difficult because of the sheer inertia of the systems themselves and also because the powerful countries that dominate them are reluctant to give up the benefits that still accrue to rich nations from the original arrangements.

How will these systems change to meet the needs of today? On the one hand, changes will be introduced through pressure exerted from less-wealthy countries, for example, through UNCTAD negotiations. On the other hand, the traditional powers are beginning to realize that change in present global structures is necessary to meet their own ends. For instance, industrial countries need new approaches to their environmental problems. As a result of this new willingness on the part of powerful countries for changes to suit new needs the study of ways to make the UN more effective in problem-solving was agreed.

The Group of Experts met and hammered out a series of coherent recommendations to make the UN more efficient and capable of carrying out processes of social and economic co-operation. They opted for a more centralized system with fewer elements. This choice of a strategy will work better than one of decentralization. This is not to say there will not be some problems encountered in a centralized system.

The Group of Experts for the most part dealt with recommendations for more effective operational agencies. In a secondary way, they addressed themselves to policy-making procedures. At the heart of their strategy was the creation of effective small negotiating groups for agreeing on policy issues. These small groups are conceived to be more efficient than large bodies such as the board of UNCTAD, or ECOSOC, which are very large groups.

The Group of Experts also made recommendations on how to make ECOSOC more efficient, in many cases recommending increased centralization, and thereby giving the developing countries which dominate the UN system a more predominant say. In the last 18 months, however, there has been a proliferation of new bodies such as the World Food Council and the Interim and Development Committees under the IMF—World Bank umbrella. This runs against the direction of the recommendations of the Group of Experts. At the same time, some existing bodies are going through power shifts, such as the OPEC share of decision-making in the IMF. Thus we are witnessing a very dynamic process of change within the UN system.

The next step in effecting a change in UN structures is the creation of an intergovernmental body to supervise the carrying out

of the recommendations of the Group of Experts. The developing countries should push the implementation of the recommendations of the Group of Experts because at the present time, the developed countries are more responsive to changes than five years ago; there is, therefore, a real basis for hope in effective changes being carried out in global structures for social and economic co-operation. The implementation of the recommendations of the Group of Experts will mean a shift of power in international institutions to the developing countries and will act for their benefit.

JOHAN KAUFMANN

Johan Kaufmann has been Ambassador and Netherlands Permanent Representative to the UN since April, 1974. Previously he was Permanent Representative to OECD, Paris (1969-1974) and Permanent Representative to the UN and other organizations, Geneva (1961-1969). He holds a Ph.D. (Economics) from the University of Geneva. He is the author of How U.N. Decisions are Made *(with J. G. Hadwen, 1958) and* Conference Diplomacy *(1968).*

From the point of view of the Netherlands, it is not a question of replacing one economic order with another, but rather of remodeling the present system in order to make it more responsive. The world's problems cannot be solved by a single universally applicable set of rules, but rather countries and groups must find their own solutions. However, this does not preclude attempts such as those of the Seventh Special Session to reach decisions concerning the larger international context.

The international community is on the right path in recognizing the needs of developing countries, and the universal support of the .7% national GNP target supports that contention. However, it is not sufficient to grant tariff preferences to developing nations for instance; certain changes in the structure of the international market are required to effect transfers of resources.

Predicated on this need in 1975, the Netherlands began a "restructuring fund" designed to assist its industries that are planning on processing commodities at their source and thus utilizing labor resources there as well, benefitting the nation from which the necessary resources are derived.

Within the present UN structure there is the danger of too many organizations dealing with over-lapping subjects, and, as a result, of countries playing "ping-pong" with items when they perceive it in their interest, justifying their choice not to take certain measures by bouncing the proposal or demand from one organization or agency to another.

DONALD MILLS

Donald Mills has been Jamaica's Ambassador and Permanent Representative to the U.N. since 1973. Educated at the London School of Economics, he has held several posts in the Jamaican Government particularly with the Central Bureau of Statistics and the Central Planning Unit. He was Permanent Secretary of the Ministry of Development of the Bahamas 1968-1971

The U.N. is a product of the world climate historically, at the present time. To ask ourselves about the changes in U.N. structures we ought to ask what sort of world we expect to see in the future. The U.N., like other institutions and like individual countries, is a dynamic, evolving system. Plans are made and institutions are defined and established, usually by slicing the world's—or country's—work into sectors such as agriculture, education, etc. Thus programs and plans are drawn up and implemented. However, inevitably a serious problem arises in the communication between institutions and sectors. At that stage coordinating bodies are set up.

Thus the U.N., after having set up numerous agencies and institutions and seeing these grow up and develop, has now to create a unified reality out of this set of institutions, a reality that will do something rational and worthwhile for the people of the world. Now we are facing the issue of the development of the Third World and we ask for fundamental change in the economic order. The system of economic development and coordination has broken down. It has displayed inadequacy in dealing with the mass of people in the world. This represents the present challenge to the U.N.

Present institutions are not equipped to do the job that is required today, therefore these institutions must change. Some, like the World Bank, have gone more and more to the grass-roots to become more realistic in its approach to development. The World Health Organization like the Bank, is concentrating much of its efforts on rural development. These examples illustrate a process we see not only in the U.N. but elsewhere as well: well-worn formulas for development are found not to work. Entire sectors of the population are not sufficiently touched by programs today. This all suggests that the system requires serious adjustment—along with our values. The U.N. should be an evolving system that equips itself to look squarely at issues in a manner which it has been unable to do before.

The report of the Group of Experts on Restructuring of the U.N. System should open a dialogue that will result in the better use of the intellectual resources of the U.N. and its agencies.

The idea of the New International Economic Order also affects

the process of the internal development activity of countries. There are many implications here. Many countries have been witnessing what is called the revolution of rising expectations. There will be interesting interaction between this and the global move for restructuring of the international economic system. The restructuring of the system should be at a fundamental level, concerning issues touching on a better life for people in developing *and* developed countries.

It is good to remember that the issue of the quality of life is very important in the developed countries, where a lot of searching into the ways of life is taking place. A New International Economic Order has to relate to the way of life that is appropriate for all people of the world, not only those in developing countries. The U.N. system must respond to this search by all peoples for a more satisfactory life.

In certain areas there is a necessity for dialogue to occur outside the U.N. For example, on the issue of the future of investment any discussion taking place in the centre of the U.N. system would, at first, be affected by the political climate that would inhibit the free flow of ideas. New ideas are in the air, yet their discussion would best be facilitated by taking place at first outside the U.N. We note, for example, Dr. Kissinger's statement that the concept of ownership is changing. For example, we are learning that a country which can provide the raw material has a claim to a share of an enterprise based on this as much as the country which provides the technical information and capital.

One area that will be a difficult one to work out in the new global arrangements is that of decision-making in international bodies. It is not easy for a group of countries used to having political leverage in the world forum to move to small groups where they might lose leverage. However, it is only within the small group that members can engage in certain types of negotiation. Therefore, an effective plan would include in-depth talks in small groups with the findings going back to larger groups for approval.

RICHARD N. GARDNER

Richard N. Gardner is presently Henry L. Moses Professor of Law and International Organizations at Columbia University. Mr. Gardner served as rapporteur for "A New United Nations Structure for Global Economic Co-operation," the report of the Group of Experts. He is an academic authority on the United Nations and monetary issues and was for many years an active policy-maker and practitioner as Deputy Assistant Secretary of State for International Organizations and as a member of the US delegation to the UN.

Restructuring of the United Nations is not a substitute for the required political will. However a restructuring may facilitate the process of mobilizing political will toward implementing a new global bargain.

There are a number of major gaps in the international system which must be filled. Structural additions and increased political will are necessary to fill these gaps in several areas:

One, there is no effective international institution to promote orderly balance of payments adjustment and control international liquidity.

Two, there is no international institution to raise funds for development purposes from the use of international commodities. A tremendous amount of oil and mineral wealth awaits exploitation in the continental margins.

Three, the international community requires an organization which can analyze and propose standards for minimal human needs.

Four, at present there is no effective institution which manages the oceans' fisheries and seeks to assure equitable sharing of the oceans' wealth.

Five, no international institution as yet effectively monitors global environmental standards.

Six, there is no existing institution which helps induce constructive shifts in industrial geography.

Seven, there is no international institution which serves as an effective watchdog over transnational corporations.

Eight, there is no international agency which effectively promotes improved relations between oil consuming countries and oil producing countries.

Nine, there is currently no international institution which stockpiles quantities of significant world commodities.

Ten, there is no international organization which effectively analyzes world food requirements and possesses a sufficient quantity of food resources. On the food problem for instance the USSR must be compelled to disseminate more complete information on its food needs.

The central themes of "A New United Nations Structure for Global Economic Co-operation" are coherence and conciliation. The Group of Experts' report, while recognizing the importance of the specialized UN agencies, seeks to balance three factors: a) functional specialization, b) regional specialization, and c) the center.

There is a need to implement those tasks assigned to ECOSOC which have never been fully implemented. Furthermore, ECOSOC has become too unwieldy due to proliferation of subgroups which produce innumerable reports. ECOSOC should become directly responsible for the work of its subgroups, which should be abolished, with only a few exceptions.

To aid in developing consensus and decision-making small working groups should be established in ECOSOC and the General

Assembly. These should be chaired by full-time professionals. Such chairpersons could structure debate and help build political will. Although the Group of Experts did not propose centralization as suggested by Mr. Grant there is need for increased centralization on such areas as the environmental front in order to increase effectiveness and promote cost savings.

Several points of importance which were not discussed by the report on restructuring the UN were omitted because they did not receive unanimous support among the Group of Experts. They include:

First, the need to establish international accountability procedures so that those decisions taken by various UN forums can be monitored to ensure that they are implemented. The Committee for Development Planning might sit in judgment on these matters.

Second, in order to ensure more effective concern in the UN for human rights around the globe a Charter amendment setting up a Council on Human Rights should be established. Complaints on human rights violations anywhere in the world could be brought before this body.

Third, the role of the NGOs in the UN should be strengthened.

The report of the Group of Experts was a complex tapestry, carefully negotiated. To seriously alter the recommendations of the report runs the risk of fracturing the consensus manifested in the report. This consensus was built on the "Blood, sweat and tears" of the Group of Experts.

QUESTIONS AND DISCUSSION

Q. Surely the political will to provide assistance by the rich to the poor countries, at least in the democratic countries, reflects the attitude the general public has toward international aid programs? These attitudes are somewhat adverse because the less developed nations have done too little over the past twenty years to start to solve some of their fundamental internal problems such as population and also misappropriated much of the funds given to them.

Kanakaratne. The developed countries give much less than the target .7 per cent of their GNP's for assistance. There is no effective power to induce the developed countries to act differently. The developed countries give aid to those less developed countries which are friendly even when the latter have dictatorial or corrupt governments.

Grant. When congressional committees inserted provisions into the foreign aid bill seeking to assure effective use of aid funds, Congress became much more willing to suggest and increase aid appropriations.

Q. The House of Representatives passed a provision that aid shall not be given to governments which violate human rights. Could you comment?
Kanakaratne. It is a peculiar situation when aid is not given to a country because its leaders violate human rights, while selling huge quantities of subsidized wheat to the Soviet Union. The 1972 wheat sales to the USSR caused the 1973-74 world food shortages and food price increases. The moralistic attitude of the US Congress adds to the many hypocrisies which already exist. The Congressional action is for local political consumption in an election year and is totally irrelevant for the people who are starving in various parts of the world.

Q. What is the probability that the recommendations of the Group of Experts on the restructuring of the UN will be vetoed?
Kassum. No recommendations have been made that would be affected by the vetos.

Q. Socialist countries have contributed much less to development programs than the Western countries. Are they simply standing aside during the World Economic Order discussion, offering only some occasional rhetoric and propaganda?
Kassum. Among the 25 experts, there were Socialist representatives who participated and co-operated with the Group's efforts. The Eastern Europeans are standing aside on some of the issues being discussed and their over all position is unclear.

Q. Who will implement the recommendations of the Group of Experts and how? How can we affect the implementation process at the NGO level?
Kassum. Discussions are under way to set up an intergovernmental committee to examine the Group's report in 1976. (See Action of Special Session.)
Gardner. Through discussions held by the networks of international organizations and distinguished internationalists, pressures can be brought to effect change more rapidly.

Q. Women are the poorest and most deprived people in all countries yet the 25 experts were all men and the experts did not consider women. Why?
Gardner. None of the 25 governments chose to nominate a woman. The Group's report called for raising the position of women in the UN and their advancements especially at the highest levels.

Q. Why did the Group of Experts not choose a set of higher goals for itself and for the UN to pursue?
Gardner. The Group tried to push to the limits of the possible through hard work, bargaining and unanimous consensus. Had the Group come up with a document with resounding statements which would have been opposed by various countries which were represented by the Group members, the Group's efforts and its report would have been valueless.

ACTION OF THE SPECIAL SESSION

The question of restructuring the United Nations system did not take up much time of the ad-hoc negotiating committee because member governments were in general agreement on what should be done next. Almost all speakers (foreign ministers or ambassadors) who addressed the plenary made some reference to their country's attitude to the Group of Experts report. These statements provide an interesting record of points of view and show amazing agreement on broad objectives and minor differences of approach and timing.

The Resolution calls for the establishment of an *Ad Hoc Committee* on the restructuring of the Economic and Social Sectors of the United Nations System, a committee of the whole of the General Assembly open to the participation of all States. It went on to say that all United Nations organs, including regional commissions, as well as the specialized agencies, are invited to participate at the executive level in the work of the *Ad Hoc Committee* and to respond to requests that the Committee may make to them for information, data or views.

The Resolution also noted that by authority of previous resolutions, certain reforms are going on within the Economic and Social Council (enlarging the Council's membership, streamlining of its work, etc.) and that this "process of rationalization and reform . . . should continue . . . and should take into consideration those recommendations of the *Ad Hoc Committee* that fall within the scope of these resolutions."

NEXT STEPS

The Ad Hoc Committee on Restructuring held its first meeting in New York in mid-November and elected a young and able

delegate (formerly a UN staff member), Kenneth Dadzie, the Ambassador of Ghana to the UN in Geneva, as its Chairman. Under Ambassador Dadzie's leadership, the Committee will make an interim report to the UN General Assembly before the end of the 30th Session (1975) and will work towards a final report, including a time-frame for implementation of its recommendations, to be ready for the opening of the 31st Session in September, 1976.

X

SHAPING THE FUTURE

This chapter requires little introduction. The afternoon panel which considered this topic was comprised of seven authorities who are key figures in non-governmental or governmental studies on the future of the world, with particular reference to the frame of reference of the Seventh Special Session. These studies, most of them published just before the opening of the Special Session (see Bibliography) were not official documents, but were read and considered by a number of delegations in preparing their positions. The panel conducted a general discussion, without specific reference to the agenda of the Special Session, but with common reference to the overall topic of the Forum, the world economic order.

The panel is chaired by *Mijahlo Mesarovic*, the co-author of the Club of Rome's latest report *Mankind at the Turning Point*, who presents an overview of the situation and stresses the need for a long-term approval to world economic problems. He is followed by *Harlan Cleveland* of the Aspen Institute who refers to the new report *The Planetary Bargain* and outlines a set of bargaining conflicts. *Marc Nerfin* of the Dag Hammarskjold Foundation tells about its report *What Now? Another Development* and underscores the point that the future is not given, it depends on our choices and actions today. *Mahbub Ul Haq*, a senior planner with the World Bank, refers to the Third World Forum. He is of the opinion that the decades of the 1970s and 80s will be the decades of economic liberation, just as the decades of the 1950s and 60s were the decades of political liberation. *Richard Gardner* of Columbia appears again on this panel (see also Chapter IX on Global Structures) and outlines five issues of the future which demand urgent action now. Professor Gardner is the key figure in the periodic symposia held at the Rensselaerville Institute of Man

and Science on world topics. *Inga Thorsson* also returns to this panel (see Chapter VIII Internal Development Strategies) and speaks about the disarmament question, the special role of small countries in these discussions, and the Swedish Government's Secretariat for Future Studies. And lastly, *Saul Mendlovitz* of the Institute for World Order outlines a scheme for a world-wide campaign on man's "legal right to food."

THE FORUM

MIJAHLO MESAROVIC

Mijahlo Mesarovic is Director of the System Research Centre at Case Western University and is co-author of the Second Club of Rome Report Mankind at the Turning Point.

It is first necessary to determine what kinds of future it is possible to have before discussing "shaping the future." There has been far too much general discussion on the prospects of the future without reference to a complete study of all of the issues involved.

A discussion of the future must include on the one hand the ultimate goal of greater justice and a better distribution of the wealth, and on the other hand, consideration of the time dimension involved. A realistic time limit needs to be placed on goals to be realized.

It is clear that we are moving toward increasing interdependence in the world, and that this "globality" dictates the need for global management of resources, including capital, technology and human resources. The necessity to resolve the many conflicts between interdependence and independence is not because of political or ideological reasons, but because it is necessary to human life.

A new world order cannot be created in one year; we need a realistic assessment of where development is headed; and toward what ends. We need long-term and well thought out solutions because short-term solutions are not only insufficient, but may also be counterproductive in both leading us away from the real solution, and in misleading us as to the real problem. For example, short-term measures taken in relation to trade and capital are insufficient to solve the problem of how to provide jobs for the two billion people with a "right to work" in the year 2000.

Shaping the future demands not only working within present organizations, but creating new ones better designed to shape and

fulfill humankind's future goals. Without some structural reorganization as well, all plans for the future may end in being counterproductive.

HARLAN CLEVELAND

Harlan Cleveland is Director of the Aspen Institute's Program in International Affairs. He was a magazine publisher and a graduate school dean in the 1950s. He was Assistant Secretary of State (for International Organization Affairs) and Ambassador to NATO during the 1960s, and was President of the University of Hawaii from 1969 to 1974.

Shaping the future means taking actions in the present and following those actions toward a specified goal. We must not be paralyzed by projections of disaster. People with widely differing backgrounds can be brought to work together if the philosophical impediments to co-operating are minimal and action and accomplishment are emphasized.

We must first define what basic human needs are and which of these needs must be satisfied. There should be international rather than only national standards. Meeting basic human needs on a worldwide scale becomes more feasible if population growth is limited. Population growth, health and employment issues must be addressed at once.

Satisfying basic human needs is not a question of resource allocation or even of resource redistribution. It is a problem of people, of management, of organizing human efforts so that total production is substantially increased. Therefore, the new economic order must face a set of bargaining conflicts: 1) economic self-reliance vs. environmental balance; 2) predictability of the international economic system vs. fair play in international economic relations; and 3) more participation for the developing countries in international organizations vs. a genuine willingness from the developing countries to continue to work to make the international organizations fair and effective instruments of development.

The concept of foreign aid lost its public support in the developed countries which have been the major supporters of aid programs primarily because the public considered that much of the aid was being misdirected. The recipients of foreign aid as well are not anxious to receive aid which they regard as handouts and as insufficient.

Automatic revenue raising systems are needed to create development funds on an international level. This, however, should

not imply automatic distribution. The potential recipients would provide indications and then proof of the effective use of such funds.

Consequently, in order to deal with global problems extra-national commissions will have to be established. Yet, truly international positions are still mostly taken by non-governmental organizations and by private individuals. The global leadership by governments and inter-governmental organizations is still missing.

MARC NERFIN

Marc Nerfin is Director of the 1975 Dag Hammarskjold Project on Development and International Co-operation (What Now?—Another Development). *He spent ten years (1962-1972) with the UN including serving as Maurice Strong's Chef de Cabinet during preparations for the Stockholm Environment Conference and Sir Robert Jackson's adviser on the Capacity Study of the UNDP. He has worked in his native Geneva, in Tunis, in Addis Ababa, and in New York. Last year, he published* "Entretiens avec Ahmed Ben Salah sur la dynamique socialiste en Tunisie dans les annees 1960."

The future depends on decisions as well as non-decisions made today. Development is a process which in every step is critical. The Seventh Special Session may mark the turning point towards the sequence of steps in the right direction.

Development is development of all men and the whole of man, not just the growth of things. It applies to all societies, both in the Third World and in the industrial world, the latter may have solved problems of survival needs, but not those of national resources use or alienation. Development is not a linear process historically determined. It is endogonous and stems from the inner core of each society according to its cultural values and aspirations as well as its ecological setting.

"Another Development" is required which should (a) be geared to the satisfaction of needs, (b) be based on self-reliance and (c) be eco-minded (i.e. in harmony with the environment). It often requires deep social, economic and political transformations in the present structures. Immediate action is necessary, possible, and hopefully acceptable to all; it should start by the eradication of mass poverty and malnutrition of children, whose whole physical and mental development is jeopardized, and with it the future of the human species.

Self-reliance starts at the local level. National self-reliance does

not exclude, on the contrary, it requires a favorable world environment, both political and economic. Hence the need for a new international economic order, which implies putting an end to unequal exchange and accepting the right to diversify.

To this end, development and international co-operation dialogue is both possible and necessary. It requires, however, an understanding and long-term union on the part of those who benefit from the existing order, and organization on the part of those who want to change it. It implies drastic reform of the UN system in order to make it a fully efficient instrument for shaping the future.

The future is not given. It depends on our choices and on our actions.

MAHBUB UL HAQ

Mahbub Ul Haq has been Director, Policy Planning and Program Review Department, World Bank since 1972. He received his Ph.D. in Economics from Yale University. He was Chief of National Planning Division, Government of Pakistan, 1957-1966. Among his publications are Deficit Financing in Pakistan *and* The Strategy of Economic Planning.

What happens if we let the future shape itself, rather than act to shape the future? In the next ten years: 1) the discrepancy in the wealth of nations will widen; 2) per capita income in the rich countries will rise by $900.00 while in the poorest countries it will rise by only $3.00; 3) the rich will constitute a smaller share of the world population than now; the rich will talk of the tyranny of the majority; and 5) there will be numerous sources of conflict.

The poor are not in a good position to creatively alter the process. Their power rests in their ability to disrupt the life styles of the rich. Therefore, there may be serious disruptions of the existing international order.

The Third World is not anxious to join the rich or to share the values of the West. It is not even seeking an equity of income. But the Third World *is* seeking the opportunity to meet human needs. They want equity of opportunity soon, not equity of income which they realize cannot be achieved in the near future.

It is time to bring development to the by-passed peoples. The existing economic order has a systematic bias against the poor nations. International credit and liquidity should be created by a more unbiased international body. In the past, rich countries received 95 per cent of the world's credit, because the credit-issuing

organizations are made up of representatives of the rich countries.

Taxation of the rich nations by poor nations should be considered. There has been a reluctance to let the majority of mankind share in the decision-making process unless forced to do so.

Proposals which make the mistake of giving financial offers without including sufficient additional funding do not go to the heart of the necessary structural changes. There is a strong need for an international bank to create and distribute funds. It will take a long dialogue to establish such a banking organization.

The post World War II era has been a struggle for political liberation. The 1970s and 1980s will see a struggle for economic liberation. Can this be accomplished without military conflict? The effectiveness of many dialogues will be measured by their success in bringing about change without confrontation.

RICHARD GARDNER

Richard N. Gardner is presently Henry L. Moses Professor of Law and International Organizations at Columbia University. Mr. Gardner served as rapporteur for "A New United Nations Structure for Global Economic Co-operation," the report of the Group of Experts. He is an academic authority on the United Nations and monetary issues and was for many years an active policy-maker and practitioner as Deputy Assistant Secretary of State for International Organizations and as a member of the US delegation to the UN.

A fundamental problem with international development programs is that things are always done about twenty years too late. The history of the future is largely determined by the actions taken today. There are many crucial issues that must be dealt with, but five stand out as imperative and demanding resolution if there is to be peace and security around the turn of the century: 1) evolving a new industrial geography; 2) meeting the need for automatic transfer of resources; 3) monetary reform; 4) the organization of the multilateral review of national policies; and 5) the military threat of nuclear reactors originally constructed for peaceful uses.

Some comments on each of these issues follow:

1. In the U.S. Trade Reform Act of 1974, authority to grant tariff preferences for developing countries is limited by the exclusion of import-sensitive items, which have the greatest significance for the developing countries, (i.e. shoes and textiles). The developed countries escalate tariffs by stages of production. Raw materials are imported duty free, but tariffs rise on processed prod-

ucts in proportion to the value added by previous processing. The developed countries must give serious consideration and approval to one-way free trade to benefit the developing countries.

2. Selling a portion of the IMF's gold reserves will only yield $2.5 billion for development funds. That is a good amount but not very much in view of the needs. Moreover, the thin gold market will not permit this amount to be raised very quickly. A "third window" for the IBRD (World Bank) should be created, as suggested by the Trilateral Commission, for the development programs. In addition, there should be a revenue-sharing arrangement using a tax on resources extracted from the sea-beds. If a five per cent tax were levied on revenues from sea-bed resources found in the continental shelves beyond the two-hundred-meter line, development funds of $2 to $6 billion would become available annually between 1975 and 2000. This would get us away from the problems of annual appropriations and would provide automatic development assistance funds.

3. International monetary reform to control international liquidity is needed. In the past five years, liquidity increased over $100 billion, 97 per cent of which went to the developed countries. Instead of a multilateral determination of the method and size of this increase, it depended mainly on the US balance of payments deficits alone. We should move forward on SDR standards with a link between SDR creation and development aid.

4. There is an urgent need for international review of wasteful consumption patterns and environmental damages in the developed world. Practices in the developing countries should also be examined with a view toward improving their productivity and the equity of internal income distribution.

5. The spread of nuclear fuel for processing plants should be halted and fissionable materials production centralized in multilateral or regional nuclear fuel cycle centers because each nuclear reactor constitutes a potential bomb factory. The dangers inherent in the uncontrolled spread of such capabilities are most serious.

INGA THORSSON

Mrs. Inga Thorsson is a member of the Swedish Riksdag. She is also Under-Secretary of State, Ministry for Foreign Affairs, Chairman of the Swedish Disarmament Delegation, Chairman of the Board, Secretariat for Future Studies, Former Chairman of the Social Democratic Union of Women, and Former Head of the United Nations Division for Social Development. She was educated at the Stockholm School of Education.

The place of armaments within the current economic order had been almost entirely ignored. Beside the obvious danger of someone, in a given situation, putting the horrible destructive power of modern arms into use at the risk of the extinction of human life, the quantitative and qualitative increases in the arms race involve the most glaring misuse of economic and, particularly, human resources. This disarmament must be an integral part of economic policy and any attempt at shaping the future. Efforts directed toward disarmament must be strengthened in order to achieve meaningful results. This might be done, inter alia, by bringing together, in effective co-operation for joint efforts, those who work for disarmament and those who work for development.

Better human life depends on political decisions taken at the national as well as the international level, and requires the support of broad sectors of public opinion. It is ultimately the people themselves who must decide the future of society. What possibilities do small countries and their citizens have to shape their own future in a world with continuously growing influence and power on the part of great powers and transnational corporations? We should beware of believing too much in trends. We should not be given to expect an unabated and fateful course of events for nations and peoples—something which Johan Galtung has called the "colonization of the future."

Such instances as the forced retreat of the United States from Indochina, the demands of the Third World for a New International Economic Order, the incapacity of the industrialized world to come to grips with present economic imbalances within the present economic system, and the increased awareness of global interdependence in the face of crises, are examples of the sorts of historical discontinuities which preclude the projection of history forward towards the future. Given this situation, one must be aware of the alternatives possible in planning the future even for small countries. The establishment of a Secretariat for Future Studies within the Swedish Government is one action taken toward the critical examination of such alternatives on the part of a small industrialized nation. The studies presently undertaken are based on a comprehensive and global philosophy and on efforts toward international solidarity.

The participation of concerned and enlightened citizens such as those within the NGO community is important in contributing to studies concerned with shaping a better future.

SAUL MENDLOVITZ

Saul Mendlovitz is Professor of International Law at Rutgers Law School and President of the Institute for

World Order. His most recent publication is On the Creation of a Just World Order. *He was educated at the University of Chicago Law School.*

All societies have a consensus on fundamental values. Hence, it is from this basic accord that a new global consensus must emerge predicated on the nature and needs of human beings. Yet modernity has imposed a difference on the cosmologies of industrialized and developing nations. Given these conditions, we must attempt to delineate what the future may look like.

One could begin by delineating four ways of "coming to grips" with the future, i.e. managerial, confrontational, self-reliant and populist. Whatever mix of these postures, it is becoming increasingly clear that political projects should be selected in terms of their capacity for transforming the present global system to achieve world order values. The following guiding principles are suggested for this purpose: 1) projects should be predicated on the ultimate benefit for all humanity; 2) they should expose the inadequacy of the present nation-state system to deal with both current and future problems; 3) they should be system-transforming (and have a 1%-5% chance of success!); and 4) they should possess the capacity to mobilize 5%-10% of the world's population. It is in this spirit that the legal right to food is offered as a political project.

The Universal Declaration on the Eradication of Hunger and Malnutrition adopted by the World Food Conference in 1974 and endorsed by the General Assembly provides a solid foundation for mobilizing a legal right. Building as it does on the Declaration of Human Rights (Article 25) and other international documents including the FAO Charter, it is suggested that the legal "right to food" assumes duties on the part of governments. The People's Republic of China, one of the few societies which grants a constitutional right to food, does so, however, with an implied qualification that one must work. This raises the problem of a conditional or an unconditional right to food.

Two ideal transitional types of food rights might be envisaged: one which requires a "means test", (an example of being a starving child appearing in court and demanding his right to food) and one involving the transnational distribution of nutritional "capsules" doled out unconditionally and daily upon request.

Society usually feeds prisoners, soldiers and the hospitalized as a matter of course. The "right to food" may well serve as a rallying point for mobilization of world opinion and action.

The concept of a right to food would apply in a different way one of the traditional concepts of the Hopi Indians, involving not ownership of a resource as the basis of certain rights and

privileges, but "stewardship" of that resource. Within such a conceptual framework, any nation possessing basic resources becomes entrusted as a steward to share with those who require food as a precondition of survival.

QUESTIONS AND DISCUSSION

Questioned on the pros and cons of a debt moratorium, Professor Gardner opposed the idea on the grounds that a blanket debt moratorium on the various types of existing debts could compound the instability already extant in the international system. Specifically, a debt moratorium would destroy international financial confidence causing capital flows to dry up. Individual debts, however, could be subject to negotiation on a case-by-case basis. *Mr. Ul Haq* also opposed an indiscriminate debt moratorium, but he advocated the convening of an international conference in the near future which would bring together the world's largest creditors and debtors. (See Chapter IV Finance and Monetary Problems). Through a process of negotiation, which such a conference could inaugurate, new principles of debt payment might be established. Ambassador Cleveland suggested that debt renegotiation should be explicitly related to how effectively the debtor governments are fighting poverty in their own societies.

Questioned on the role of the World Bank, Mr. Ul Haq noted that an effective restructuring of this institution must include the internationalization of sources of finance which would hopefully become more automatic. Such a transformation is necessary since no bank can long afford to override its financiers.

Professor Gardner spoke of a general defect in the various political systems existing in the world. The present political systems reward leaders for maximizing present benefits; however, the time has arrived when it is necessary to adopt longer-range perspectives. Non-governmental organizations can be particularly helpful in urging governments to adopt such an approach.

Questioned on restructuring of the United Nations, Professor Gardner advocated appointing a Director-General for International Development and the strengthening of ECOSOC. (See Chapter IX Global Strategies).

Regarding the free distribution of food, one questioner suggested that it was more appropriate to teach someone how to

fish rather than merely giving him a fish. *Dr. Mendlovitz* rejoined that he solidly supported the unconditional right to food and the establishment of food distribution centers around the globe. The cost would not be prohibitive. On the food question, *Professor Gardner* criticized agricultural policies in the Soviet Union, especially their lack of information dissemination. Its huge grain purchases from the United States every several years disrupt the world flow. The Soviet Union should be required to provide complete statistics of its agricultural output as a condition of such purchases.

On the subject of the New International Economic Order, *Mr. Ul Haq* submitted that there is a danger in negotiating in a piecemeal fashion. It is imperative that an overall negotiating umbrella be established which would set the basic premises of any new order. Such an umbrella could help prevent the various nation-states from retaining certain short-term resource advantages. *Ambassador Cleveland* observed that there is a tendency in the developing countries to opt for short-term resource gains based on national sovereignty. However, it is in their long-term interest to opt for the internationalization of natural resources. *Professor Gardner* acknowledged that the Netherlands and Sweden have more economic policies in the UN which are more favorable to the developing countries than other Western states.

Inga Thorsson suggested that massive international changes can only be implemented by means of socialism. *Ambassador Cleveland and Professor Gardner*, however, supported pluralism. *Ambassador Cleveland* suggested that the best traditions of American democracy be maintained; he acknowledged however, that the United States may have to abandon its anti-planning rhetoric. *Professor Gardner*, who pleaded for tolerance in regard to a particular nation's economic ideology, supported the mixed economy found in the United States.

Dr. Mesarovic closed the discussion by citing the pressing need to establish a global society. We must find practical development ideas because we do not have much time. Profound changes are immediately required.

NEXT STEPS

Many of the studies referred to in this chapter are on-going and will result in further reports and assessments. The critical importance of such studies, and the dialogue which surrounds

them, illustrates the valuable role of private non-governmental institutes and organizations. This point is elaborated upon in Chapter XII of this report, "NGOs: Next Steps."

XI

THE MOOD OF THE SPECIAL SESSION

No account of an NGO event which paralleled an important UN Special Session would be complete without some mention of the style and form of the Special Session itself. While the NGO Forum took up their time for an hour each morning and three hours each afternoon, the NGO observers were sitting in on the plenary sessions and hearing about the progress of the negotiating sessions during the rest of each day. They were struck, as were the delegates, by the final positive "mood" of the Special Session, a mood which was set early in the first week, became a little strained around the mid-point of the Conference, but picked up again towards the end. This chapter is an attempt to describe that mood through the words of some of its key participants.

The Special Session opened with two important tone-setting statements. The first was by *Abdelaziz Bouteflika*, Foreign Minister of Algeria, President of the 29th General Assembly and elected President of the Seventh Special Session. He referred to the Sixth Special Session as one that "had marked the international community's recognition of the true nature and magnitude of development." He felt that one of the first steps for the Seventh Special Session would be "for the more fortunate to make the necessary concessions and yield to the legitimate aspirations of those to whom history, and sometimes nature, have been ungenerous." Mr. Bouteflika was followed by Secretary General *Kurt Waldheim* who stated that it was encouraging that so many governmental and non-governmental forums had been dealing with the problems of economic development. "It is certainly a reflection of the seriousness of the situation," he said, "but I believe it is also an indication that we are dealing with an idea whose time has come."

After these opening statements, the path of the Session discussions forked in two directions. In the formal atmosphere of the General Assembly hall the general debate lasted for ten days and twenty-two meetings including several at night. Most countries spoke in the plenary, most through their foreign ministers, some through their prime ministers or presidents. The records of this debate, as was foreseen by *Philippe de Seynes* in his opening remarks (Chapter I), make interesting reading, not only because they show the positions of most countries of the world on a wide range of international economic issues, but also because there was, for a UN plenary session, an unusual amount of dialogue, cross-referencing and genuine conversation.

Probably the most eagerly-awaited statement in the plenary was that of the United States since its position (unlike that of the Group of 77 or the EEC) was not known in advance. Dr. Kissinger's speech, delivered by *Ambassador Moynihan* (because the Secretary of State was delayed in the Middle East with the peace negotiations), was the longest ever given by the USA in the UN and one of the most comprehensive American policy statements on international development. Many other delegates termed it a "major event" (see *Ambassador Richard*'s comments to follow), and it helped to set the initial mood of conciliation and negotiation. "The developing nations," he said, "have stated their claim for a greater role, for more control over their economic destiny and for a just share in global prosperity. The economically advanced nations have stated their claim for reliable supplies of energy, raw materials and other products at a fair price; they seek stable economic relationships and expanding world trade, for these are important to the well being of their own societies.

"If the advanced nations fail to respond to the winds of change," he concluded, "and if the developing countries choose rhetoric over reality, the great goal of economic development will be submerged in our own failure."

Down in the basement rooms of the UN the other side of the Special Session was at work. In two negotiating groups—one working on trade and transfer of resources, and the other on industrialization, science and technology, food and agriculture and restructuring—the "contact groups" from the Group of 77 (27 members) and the "Group B" countries (Western Europe and others—12 members) hammered at the textual details of a final Resolution and sweated out the necessary compromises. These negotiating sessions were pushed along by the Ad Hoc Committee (of the whole) chaired by the dynamic Minister of Development

Co-operation of the Netherlands, *Jan Pronk*, who was endorsed enthusiastically by the Group of 77.

At various points during the Special Session the NGO Forum heard from delegation leaders or members on their impressions of the progress being made. These were usually at morning briefings. On the third day the Forum heard from two spokesmen of the developed countries. The first was *Sidney Weintraub* of the US delegation who spoke frankly on the differing positions of the developed and developing countries and elaborated on the United States position.

SIDNEY WEINTRAUB

Sidney Weintraub is Assistant Administrator, US Agency for International Development (AID) and a Senior Advisor to the US Delegation to the Seventh Special Session. He was formerly Deputy Assistant Secretary of State for Economic Affairs and is a veteran of many UN economic conferences.

In the broad generalities, the major themes of emphasis held by the developed and developing countries are not terribly different. They differ in the precise terms of implementation. For example, I think everyone agrees that the great savings effort must come from the internal activity of the countries. All developed countries agree that they must play a role of providing external capital, markets, etc. Both developed and developing countries agree techniques of external technical assistance will differ by groups of countries that are being assisted. Some developing countries, for example, need access to markets for their manufactured goods. Others, having commodities less dynamic than oil, need help such as concessional capital. And still others are not interested in such capital, but need access to private capital and markets through the intermediary of multilateral financial institutions.

There is agreement also that shocks of one kind or another can be terribly disruptive. The shock of the commodity markets has been a prelude of this meeting. We all agree that uncertainty of continuity is not desirable, that monetary instability and rapid changes in the exchange rates should be eliminated. Such a listing indicates that there is a broad area of common agreement between the developed and developing countries.

The points of difference between the developed countries include the following:

1) The extent to which governments can direct commodity prices varies. France, for example, supports the transfer of resources through the technique of commodity prices whereas Germany and the US focus on market conditions. Thus there is a difference in nuance on these matters which can be important—although not very important—in negotiations on a specific commodity such as coffee or tin.

2) The system of stability of exchange rates differs. The US talks of "managed floating" while France talks of fixed but adjustable parities. The argument centers on which brings bigger shocks, and which is the more stable.

3) Some developed countries use bilateral and others use multilateral channels for the transfer of resource flows.

4) The value placed on aid targets varies. For example, Sweden and Norway accept the .7% target, whereas the US doubts its value.

5) Views on the value of debt scheduling vary.

6) There are different ideas on the best way to transfer technology and establish access to capital markets. The conflicting philosophy here is to consider whether the gap between the developing and the developed countries should be closed or whether you focus on development without regard to gap.

What are the essentials of the US position? Our starting point is to look at the total system. To recap some of the major proposals included in Dr. Kissinger's speech, which was comprehensive, we can see that there is a sense of conviction that we must look at the totality and the differences: the creation of new institutions, in energy, technology, integrated health; security of export earnings; assistance to developing countries through the IMF's sale of 1/6th of its gold; aid to multilateral development institutions, and the request for increased bilateral aid funds.

The following are the main areas of different between the US position and that of the developing countries.

1) Dealing with the commodity markets, disagreement exists on how much you effect the prices of commodities, who benefits by the changes in prices, and the feasibility or desirability of indexation.

2) The developing countries want permanent preferences, the US advocates freer trade.

3) There is US resistance to the automaticity of resource transfers, especially the SDR-aid link.

4) There is disagreement on the role of a contract, or how important is an agreement, especially with regard to expropriation of companies, debt repayments and trade negotiations.

5) There are different views on how one transfers technology.

6) There are varying opinions on what role all countries will play in the various decision-making forums.

The other representative of the developed countries was *Arie Van der Hek*, of the Netherlands delegation who referred to the common position of—and to some of the differences of emphasis within—the nine countries of the European Economic Community.

ARIE VAN DER HEK

Arie Van Der Hek is a member of Parliament in Holland and was Advisor to the Netherlands Delegation to the Seventh Special Session.

I would like to begin with some remarks on the question of the New International Economic Order itself. The assumption seems to be that the present economic order is outdated. Why should we discuss a new economic order, why do we not all agree that the present one is not dead? On this subject, there are a lot of differences.

We have learned from the US speech that the present order is a good one, but that we should repair certain parts of it in order to increase its efficiency. The US believes that basically the system is a good one, based on the free market economy. I think that this is the philosophy, with some nuances, of the European countries. A lot of the developing countries disagree on this point. They have some doubts about the important role of free enterprise as well.

Another important question regarding the New International Economic Order is that since World War II we have seen the increasing incidences of government intervention in the national economies. We have not seen that phenomenon in the same way in the international field. I think that has led us to the failure of the present economic order. As national governments increase their role in the national economy, there is a growing necessity for more intergovernmental co-operation at the international level. We have seen the failure of intergovernmental co-operation, of the IMF, during the present international monetary crisis. Multinational enterprises are working more efficiently on an international level. Thus, the main criticism of the existing economic order is coming from those who are weak, the developing nations. The developed countries have trouble with the existing economic order as well because there is no proper international decision-making machinery to allow international co-operation to work.

The European Community consists of nine countries which are by no means homogenous. Whereas the US has one voice, the Community has to struggle to coordinate nine voices. They are obliged to have one voice in matters of trade and agriculture only. On

the whole the position of the EEC is more vague than that of the US.

The position of the European Community with regard to the New International Econimic Order reflects basic differences between the Community and the US. Europe is very poor in primary commodities and must import goods, whereas the US is 90% self-sufficient in this regard. Since we are so dependent that we are more prepared to pay a price regarding commodity agreements. Some countries, such as France, are more outspoken on this than others. Since the oil crisis most European countries are moving to accept France's philosophy, with the exception of Germany which favors a free market system. The Common Market agrees in principle with UNCTAD and the integrated approach to primary commodities.

The community is also in agreement with the principle of indexation of oil prices. If we accept the concept of organization of the oil market, as does the US, we feel, as the developing countries do, that we can accept the concept on other issues.

Another important difference is the question of access to markets. The US and Europe adhere yet to the idea of a liberal trade system as embodied in the GATT arrangements. Here, again, however, the one weakness in this system is its lack of intergovernmental intervention. Happily, the exception to this rule is the preferential treatment given to developing countries by means of arranging trade barriers. Does this mean a fully liberal trade system without trade barriers should be worked for? The developing countries say "no", since they need access to markets, they feel that the trade arrangements should remain. Within the Community, there are some people saying that indeed certain trade barriers should exist because trade barriers are an instrument by which governmental intervention could influence the spread of income between nations. I think this is a very good idea.

The monetary system is another important problem. The overproduction of money has encouraged the reform of the money market and of the system. and we are rightly looking for a new organization. It can be argued that the developing countries should have an augmented position in such a new organization and that they have certain rights, e.g. the question of the SDR link. I think the idea is sound because every nation itself creates liquidity on the national level and the utilization of the SDRs would help the creation and distribution of this liquidity.

With regard to aid targets, it is obvious that the US is far away from the suggested ones. It is easier for the European Community to reach the 1% of .7% target than the US. I believe targets can have a useful function, since they represent an obligation to do something.

In conclusion, I think if we do not find solutions for a new

economic order, then it has to do with how we organize international decision-making. If we are not prepared to reform international decision-making machinery, we cannot succeed. An organization for trade and development will cover the field if given enough power, otherwise, I foresee further ideological confrontation.

Two days later, at the end of the first week, the Forum asked *Ambassador Donald Mills* of Jamaica, a member of the Group of 77 "contact group" to present the point of view of the developing countries. In his presentation he does this and more, setting the development crisis in its historical perspective and describing most eloquently the mood of the whole Session at its mid-point.

DONALD O. MILLS

Donald Mills has been Jamaica's Ambassador and Permanent Representative to the U.N. since 1973. Educated at the London School of Economics, he has held several posts in the Jamaican Government, particularly with the Central Bureau of Statistics and the Central Planning Unit. He was Permanent Secretary of the Ministry of Development of the Bahamas 1968-1971.

Before discussing Third World attitudes to the Special Session, I would like briefly to review the background of the nature and conditions of the Third World's relationship with the industrialized countries, as the roots of the present situation are to be found in history.

At the time of the birth of the United Nations, the members were mainly the industrialized countries and some Latin American states. At the outset their main concern was the maintaining of peace, and international development as we understand it today was not a major preoccupation.

Bilateral programs of development assistance had evolved after World War II. In this regard, the British had, at the beginning of the war, set up a Royal Commission because of disturbances notably in the Commonwealth Caribbean during the 1930s, and the Commission recommended a vigorous program of assistance. While the British program coming at that particular time is to be commended, its major preoccupation was with social conditions and it did not recognize economic restructuring as part of the development process. But then, no one considered it so at the time. Through the UN system a parallel approach began to develop—that is, the World bank and other international multilateral

agencies were set up and so the concept of development assistance and technical co-operation evolved.

The UN system, however, inevitably reflected the concepts of its constituent countries. The slow development of the realization at the international level of how deeply one would have to go if one were really going to seriously affect the lives of people in the poor countries has equalled the slow realization of the constituent countries with regard to the requirements of their internal development. Today, we are at the beginning of the realization of what development means and what needs to be done.

As the process has advanced, more and more developing countries have joined the UN and have changed the preoccupations of the UN system. During the 1950s, the UN's primary preoccupation was an emphasis on decolonization. As more newly independent countries joined the UN during the 1960s, this brought about a further change in the focus of that institution towards the question of economic and social development. We have thus seen the evolution of the International Development Strategy and the two Development Decades. Unfortunately, these efforts have had very limited success. In the main, the position of the developing countries with respect to that of the developed countries has deteriorated—the so-called gap has increased.

If we continue on this trend, the developing countries' position will continue to decline, relatively speaking. Intervention to prevent such an outcome is what the New International Economic Order is all about. The improvement of the lot of the poor countries will require a restructuring of the economic system. This is not a matter of political ideology; the imbalances simply cannot be corrected under the present system.

The attitudes of Third World countries in this matter have evolved over time. Basically, the circumstances of the last three to four years have helped develop this realization of the failure of the international economic system to meet the needs of developing countries, and of the virtual breakdown of the system. All of this led to the call for the Sixth Special Session of the UN General Assembly. That Session was a confrontation with the facts of life—the developing countries put forward a manifesto, so to speak, an extended statement containing a program of action for the New International Economic Order.

We, the developing countries, have been heavily criticized for being incoherent, shrill and contradictory, particularly during the Sixth Special Session. I have heard the Mexico City Conference on International Women's Year criticized in the same way. The truth is that people or communities who feel greatly deprived or unjustly treated, tend to become more and more strident in the face of lack of response to their claims. There is nothing at all unusual about this, and every community has seen examples of it. The action by

the oil-exporting countries helped greatly to provide the basis for the change on the part of the developed countries. The result of all this was that the developed countries then began to listen with both ears. In fact, this is exactly what Dr. Kissinger stated in his speech at the Special Session, "We are listening".

The end of the Sixth Special Session left a number of bruises. It was a difficult, but unavoidable experience. Since then, slowly within the UN system, there has been a feeling that we should now set about creating an atmosphere in which we could really talk to each other. This process has been slow and very interesting. During the Preparatory Committee meetings for the Seventh Session, we decided that the starting point would be "harmony"; the Committee conducted no discussion of substance because we were not ready for it. The developing countries then set about formulating specific proposals for negotiation with the Seventh Special Session of the General Assembly in mind. They produced a position paper which was passed to the developed countries, the Socialist countries and those outside of the Group of 77, for their reactions. Since May of this year, there has been a series of contact meetings between the Group of 77 and other groups at the UN in the form of informal discussions on our proposals. The other groups in turn, have come forward with some proposals of their own for presentation at the Seventh Special Session.

Where do we go from here? What kind of session do we expect? At present, I would say there are some positive features. One of them is that the issue of the New International Economic Order, more than most other issues at the UN, is now a major topic around the world. Usually, there is considerable difficulty in securing adequate reporting about economic matters in the world press. But the deliberations and concerns of the Seventh Special Session are being followed and reported on throughout the world. Second, is the interest demonstrated by groups such as this one, the NGO Forum, in the issue. Another positive factor is that Mr. Johan Pronk, the Minister of Overseas Development of the Netherlands, was chosen to head the *Ad Hoc* Committee. To quote one U.N. delegate, we must ensure that this year can be regarded as "the year of the decision to change."

(Ambassador Mills was asked two supplementary questions at the end of his briefing. A summary of the questions, and his answers, is presented here.)

Q. Henry Kissinger said very little about the role of the UN in his speech. What role do you foresee for the UN?
Mills: I was also struck by that. I don't know why this is so. Perhaps it is the concern some have about the majority that the

developing countries now have in the UN. The truth of the matter is that the UN system was established as I said, by the victors of W[illegible]d War II, with the major countries controlling it. But the domin[illegible]on of such interests must cease and yield to other interests. T[illegible] present system at the UN of one country, one vote, is the only workable one, and we have to learn to live with it. We must find ways to negotiate with each other so that the exercise of the vote is not the only approach. The UN system in my mind, must find means of establishing negotiating groups designed to work out concrete agreements. I would hope that the U.S. is not moving away from the idea of such negotiating groups. Finally, I would want to look rather closely at proposals which put a tremendous amount of initiative regarding the restructuring of the economic system into the hands of institutions which have weighted voting systems.

Q Can you tell us if there is any consensus among the Third World countries of a definition of development? Do they believe it means "catching up"?

Mills: I don't believe in catching up, especially when you are chasing something that other people are trying to get away from. The New International Economic Order must apply equally to all the people of the world. There are many people in developed countries whose living conditions are unacceptable, and I am not talking about the poor underdeveloped sectors of the developed countries. I am talking about people whose incomes on paper are respectable but whose conditions of living are unacceptable—for example, environmentally speaking. It is quite clear that there are a great many things about the life style of people in the developed countries which leave a lot to be desired. I would hope for a balanced discussion of development for the whole world—the world in its broadest sense—and that people and countries should learn to express themselves and to develop a way of life that is suitable for them. We should have broad prescriptions and broad hopes.

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The Special Session was supposed to last two weeks, from September 1-12. But by the middle of the second week it was obvious that negotiations would not be concluded by Friday and that the *Ad-Hoc* Committee and its various informal (closed door) negotiating sessions would continue through the weekend. There was considerable pressure to finish by the following Monday since the 30th Session of the General Assembly, the regular session,

was due to open on Tuesday, September 16th. (The Special Session's *Ad-Hoc* Committee actually completed its work at 3:50 A.M. on September 16th, and the full Session reconvened later that day to approve the Resolution.)

By the ninth day (September 11) the Forum heard a second briefing from *Philippe de Seynes*, former UN Under-Secretary-General for Economic and Social Affairs. *Mr. de Seynes* gave one of the first background briefings on the issues before the Session (see Chapter I). In his second briefing *Mr. de Seynes* comments on the state of negotiations to date and on the conciliatory mood which had, by then, started to re-emerge.

PHILIPPE de SEYNES

Philippe de Seynes was head of the UN Department of Economic and Social Affairs from 1955 to 1974 and was a key figure in the International Development Strategy, the Sixth Special Session, and preparation for the Seventh. Since his retirement as Under-Secretary-General for Economic and Social Affairs at the end of 1974 he is a Senior Fellow with UNITAR, (UN Institute for Training and Research). A national of France, he was educated at the University of Paris. He held several posts with the French Government before joining the UN in 1955.

The present state of negotiations at the Special Session is demonstrating the value of small working groups while keeping the unique advantage of the UN to have universal participation in the negotiations. While the emphasis is on practical matters, it is also clear that principles remain very important in the creation of a new international economic order. One of the things seemingly gained by the negotiations, is that there is no more opposition to mentioning a new economic order as a broad framework to be established. At least, this, as a general philosophy, seems to be widely accepted.

You have at one extreme those who insist on an incremental process of change, that is, working step-by-step. At the other extreme, there are those seeking "instant utopia." Everyone must therefore classify himself within this spectrum. The borderline is difficult and subjective. For example, if you look at *What Now*, the Dag Hammarskjold Foundation Report, it is generally regarded as utopian; but closer examination of it reveals that most of the report adopts the incremental approach. It doesn't repudiate what has been said before. Yet it strives to add new dimensions, such as

social justice, redistribution of incomes, or models of development conducive to raising the lowest levels of the populations. Most of this is not new, appearing in speeches by McNamara and the reports of the ILO. It is true as well that the General Assembly has not taken these objectives up in a serious way.

In the discussion of commodity prices, there is sometimes confusion between two objectives: between that of stabilization which is really designed to soften and decrease the gyrations in prices of commodities; and that of transfer of resources through commodity schemes for purposes of increasing incomes of raw material producing countries. It seems there is a wide agreement on the first objective, especially since the road was paved by the Lomé Convention. The second objective is a more controversial matter and is particularly defended by those of the new order who place the emphasis on justice. I think developing countries prefer to benefit from the transfer of resources through price increases of their goods rather than through the capital movements or financial mechanisms. It is clear just where there is market power, as in the case of oil, a kind of indexation and a certain degree of transfer of resources can be worked out.

On what was supposed to be the final day of the Special Session (September 12) the Forum had scheduled a closing panel briefing by representatives of the four major elements—the developing countries, the United States, the EEC, and the Socialist group. This panel, the concluding highlight of the Forum, could not be as definitive on the outcome of the Session as was planned, but, nevertheless, they gave a valuable cross sectional viewpoint on the various approaches at that point in time.

IVOR RICHARD

Ivor Steward Richard has been Ambassador and Permanent Representative of the United Kingdom to the UN since 1974. Educated in law at Pembroke College, Oxford, he has been a Member of Parliament 1964-1974 and was Parliamentary Under Secretary of State for Defense 1968-70.

The negotiations between the developed and developing countries now under way are moving better than expected for two reasons. First, the approach of the developing countries here is entirely different from their approach to the Sixth Special Session, which they viewed as a political event. In the Seventh, their approach is far more pragmatic and practical. Second, there has

been a dramatic change in the attitude of the industrialized world toward the developing countries' demand for change. This became evident beginning with the Lome Agreement.
(Editor's note: The Lomé Agreement between the nine EEC countries and the 46 developing countries of Africa, the Caribbean and the Pacific, was signed in Lomé, Togo in February, 1975. See Adolfo Comba's presentation in Chapter III)

In the negotiating process of the past two weeks, the US has been playing a greater leadership role than in the Sixth Special Session. The speech of Secretary of State Kissinger is a "major event." It is obvious as well that the Group of 77 is implicitly accepting the fact that total agreement cannot be reached during this session, and that the agreement reached here would call for further discussions elsewhere and in the future.

My general feeling with regard to the Seventh Special Session is moderately optimistic. Although the economic dialogue is almost solely between developing countries and the industrialized western ones, it is being carried out in an extremely moderate atmosphere—absent of confrontational language. In addition, it is proving the relevance of the UN as an umbrella organization in the economic and social field.

BARBARA WHITE

Barbara McClure White has been Ambassador and Alternate Representative of the United States to the UN for Special Political Affairs since 1973. She was educated at Mount Holyoke College and Harvard University. She has held numerous posts in the U.S. State Department and the U.S. Information Agency including Deputy Director (Policy and Plans), 1970-71.

I share the cautiously optimistic view held by *Ambassador Richard* on the outcome of the Seventh Special Session. The tone of the Session is markedly different from that of the last two years. Co-operation is evident; it is more profitable, although harder work, than confrontation. Economic and social issues are of growing importance in the UN system, and the United States sees the UN as having a central and major role in this important task. We hope the UN will draw priority attention for action in the work of the year ahead, in the cycle of meetings to come. The UN will not have the sole role, however, as it is but one in "a family of organizations", and other bodies may be better suited to deal with some aspects of the global economic problems. Secretary Kissinger in his speech pointed out four important criteria for working within or-

ganizations, namely, that they be fair, realistic, responsive to change and tailored to the issues at hand. Of the initiatives that the United States has proposed to the Seventh Special Session, some could be carried out within the UN, some elsewhere.

The United States attaches great importance to the review of the UN structure and feels 1976 should be a year of priority attention in this regard. We welcome the report of the 25 experts and believe it deserves the most careful consideration by governments.

FEREYDOUN HOVEYDA

Fereydon Hoveyda has been Ambassador and Permanent Representative of Iran to the UN since 1971. Educated at the University of Paris, he was with UNESCO as a Programme Specialist, Mass Communication Department 1952-64 and was Under-Secretary of State for International and Economic Affairs, Ministry of Foreign Affairs, Iran, 1965-71.

Speaking not as a representative of Iran, but as a representative of the Group of 77, we consider economic matters now being discussed at the Special Session to be of paramount importance to the future of the world, to its peace and security. If the 1960s was a decade of political decolonization, we consider the 1970s should be a decade of economic decolonization. What is at stake is to reestablish some sort of balance between one-third of the global population which consumes 70% of the earth's resources and the two-thirds which consume 30% of the resources. We realize that this is difficult, requiring general education and information, since habits are not easily changed.

To look at the list of economic problems under discussion, two are considered to be the most essential: 1) a change in the terms of trade, and 2) indexation. For two hundred years trade regulations have been devised by the industrialized countries, obviously in their interests. Changes in the terms of trade must occur to take into account the interest of all countries. Indexation is essential especially now because of inflation in the industrialized countries which has raised the import costs for the developing countries. If some sort of link between prices received for exports and money paid for imports is not made, the gap between the developed and the developing countries will continue to widen.

We agree that the UN is not the only place for dealing with the problems; there are other forums. However, we think the UN is the proper place, but understand that for some technical arrangements the UN is not well equipped and we must go elsewhere, such as to

the IMF (International Monetary Fund). We also agree that a revision of the economic responsibilities of the UN is important. However, to avoid putting the cart before the horse, we caution those who say we must begin by this revision.

In conclusion, I would like to remark on Secretary Kissinger's speech. Although we thought the speech was a constructive one as compared to previous ones, we do not condone his bitter attacks on the OPEC (Organization of Petroleum Exporting Countries). When Kissinger complains that OPEC, in fixing oil prices, is acting as a cartel he forgets that the oil companies have been doing this for years. Secondly, when he complains of the price of oil, he neglects to realize that the price of oil per barrel was, in 1969 for example, $1.60, a price comparable to that of a hamburger in New York at that time, if not lower.

We should be realistic in our approach and should not expect any overnight changes. As a representative of the Group of 77, we wonder if we have the same understanding of the term "realistic" as those of the developed countries. The EEC, for example, has suggested the buying of more oil as a realistic solution to the economic effects of spiralling inflation. To sell more oil as the answer is unrealistic to us.

As a representative of Iran, we think it would be as bad for our countries and the developed countries to get into confrontation. We must keep the dialogue open.

VLADIMIR CHEREDNIK

Vladimir Ivanovitch Cherednik is Deputy Head of the Department of International Economic Organization of the Ministry of Foreign Affairs, Moscow. He was an Envoy Extraordinary and Minister Plenipotentiary with the Soviet Delegation to the Seventh Special Session.

The Soviet delegation has come to New York to the Special Session after having carefully studied the working papers of the Group of 77, and we are pleased to note our position coincides with that of the non-aligned countries on economic problems. We attach importance to the Charter of Economic Rights and Duties of States and to the establishment of the New International Economic Order in order to firmly establish peaceful coexistence. We are in sympathy with the desire of the Group of 77 to discuss concrete matters here at the Seventh Special Session.

As the Chairman of the Soviet Delegation has said, we are prepared to co-operate in the steps toward progressive transformation. This does not mean that we have no suggestions to improve the

draft document of the Group of 77. We have proposed some amendments, but we have not produced any counterproposals.

After this session, the four representatives were asked questions from the audience of which these were the most significant.

Q. Where do your respective governments stand with regard to the principle of indexation?

Ambassador Richard. We don't think it is a practical proposition. We said we are prepared to discuss it. We are in sympathy with the principle, but do not think the proposals for implementation as suggested are workable.

Ambassador White. The United States view is similar to that of the United Kingdom. We don't feel that the concept as proposed is workable. Secretary Kissinger in his speech proposed a special development security and other specific ways of dealing with aspects of the problem. We are willing to discuss practical ways of coming to grips with the problems of the developing countries, but we have not felt that indexation as a concept is the way to go about it.

Minister Cherednik. The Soviet Union has consistently opposed the system of exploitation of developing countries by means of continued existence of price gaps, therefore we support the idea of establishing interdependence between the prices of raw materials and manufactured goods, although we realize it is a complicated problem.

Q. Do you think the proposals for restructuring the UN will require Charter revision?

Ambassador Richard. The relationship between the *Ad Hoc* Committee on Restructuring and the Charter Review Committee of the General Assembly has not yet been worked out.

Minister Cherednik. We believe that the changes in the structure of the UN should not involve any revision of the Charter.

Over the weekend of September 13-14, the committee and negotiating bodies continued to meet under the persuasive chairmanship of *Jan Pronk.* Rumours started flying that everything had "broken down" over the issue of industrialization; that there was a deadlock on indexation; that the whole Special Session might have to be adjourned and reconvened in January 1976. But finally, in the last hour before 3:50 A.M. on the morning of September 16th, the seven-point Resolution was approved.

Reservations were expressed by several countries, most nota-

bly the United States on aid targets, indexation and the SDR link, and by some members of the EEC and Japan on aid targets. But all countries were able to agree, without a vote, on the general principles of the Resolution. (see Appendix)

The Special Session thus ended, and the 30th Regular Session of the General Assembly opened, on a note of bouyant optimism. "Perhaps never in the history of the United Nations," said Ambassador *Daniel Moynihan* of the United States, "has there been so intensive and so genuine a negotiation among so many nations on so profoundly important a range of issues. We have shown that we can negotiate in good faith and, in doing so, reach genuine accord. Not least, we have shown that this can be done in the unique and indispensable setting of the United Nations. The system works."

Secretary General *Kurt Waldheim*, in his closing address, also underlined the new role of the General Assembly as a forum for negotiation, compromise and consensus. "We should not begrudge the fact," he said, "that there is at present a 'negotiation explosion'. It is a testimony to the seriousness with which the problems of development and poverty are now being tackled.

". . . this body of 138 governments sometimes described as solely addicted to rhetoric, has very convincingly shown that it can find, through ingenuity and goodwill, the negotiating methods which make it possible to overcome the handicap of its sheer size by practical and flexible devices without, at the same time, excluding anybody from the main action."

The last word should be left to *Jan Pronk*, tired and weary after two weeks of intensive negotiation. "A genuine dialogue has emerged," he said, "between the developed and the developing countries. The hours were late and the debate was tough. Not all issues have been solved, but the Session has recognized the need for international economic change in concrete terms."

XII

NGOs WHAT NEXT?

Review of NGO Action Around the Special Session

This report has been about the NGO Forum on the World Economic Order, certainly the most comprehensive and most noticeable of the NGO activities at the time of the Special Session. Yet the impact of NGOs began before the Session itself. All during the preparations leading up to the Session, and in many other ways during the Session itself, NGOs have made a contribution to public and official thinking on the issues. At the national level, in some of the developed countries, a few NGOs have played a valuable role by attempting to illustrate to the policy-makers that there is indeed a constituency—both legislative and public—willing to consider measures of accomodation between North and South. Other NGOs have concentrated on the substance of the changing world order, attempting to identify specific reforms. NGOs differ enormously in composition, objective and constituency and it is hard to categorize their activities related to the Special Session. Not every NGO is willing or able to play each role. Some NGOs restrict their activities to independent research and to facilitating discussion by interested parties. Other NGOs actively lobby for specific programmes endorsed by members. Collectively NGO action around the Special Session can be described under the following three broad headings.

i) Studies, Research and Consultations (pre-Session activities)

In Chapter X, Shaping the Future some of the significant reports, studies and commentaries made by NGOs immediately prior to the Special Session are noted.

Two organizations have analyzed the New International Economic Order. The Third World Forum, a loose association of leading intellectuals from the developing countries, held a special task force meeting in Mexico City August 21-24, 1975 and published a statement, *Proposals for a New International Economic Order*. (See Bibliography, Appendix (iii), for precise reference to these materials). The Third World Forum held another meeting during the Special Session itself and is expected to issue a further statement. The Aspen Institute for Humanistic Studies convened a workshop in the summer of 1975 and issued a comprehensive policy paper, *The Planetary Bargain: Proposals for a New International Economic Order to Meet Human Needs*.

At least two special NGO conferences have focused on the role of the United Nations in the economic and social field. In May, 1975, the Institute on Man and Science at Rensselaerville, New York, brought together a number of prominent diplomats and academics and published a report, *New Structures for Economic Interdependence*. And in June the Stanley Foundation convened a conference in Austria and published a report on *Coordination of the Economic and Social Activities of the United Nations*.

The Dag Hammarskjold Foundation in Upsala undertook a special project on development and international co-operation and in its report *What Now*, it deals with the changing concept of development, the New International Economic Order and the restructuring of the UN system. Two other organizations, the Trilateral Commission (*OPEC, the Trilateral World and Developing Countries: New Arrangements for Co-operation 1976-80*, published in 1975, and *A Turning Point in North-South Economic Relations*, published in June, 1974) and the Institute for World Order (*World Order Models Studies*) have conducted on-going studies which have a bearing on the Special Session.

These examples illustrate the NGO role of independent research and carefully targeted dissemination of results. Other kinds of consultations were aimed even more directly at assisting the policy-making function prior to the Special Session.

The Government of the Netherlands (notably Jan Pronk, Minister of Development Co-operation) took the initiative in May, 1975, to organize a large, high-level meeting of NGO representatives along with UN officials and diplomats in the Hague to consider the New International Economic Order and published a valuable summary of the proceedings entitled *Symposium on a New International Economic Order, Report*. The American Universities Field Staff, working with the Rome-based Centre for Mediterra-

nean Studies organized consultation between American, European and OPEC nationals on the issues of the Seventh Special Session.

In the United States, where relations between the U.S. Government and the UN community on economic issues had been under great strain since the Sixth Special Session, NGOs such as the Carnegie Endowment for International Peace and the Overseas Development Council organized a series of structured consultations between UN officials from New York and key officials from the U.S. Executive and Legislative branches. These facilitating sessions helped both groups to identify, away from the kleig lights, areas where compromise seemed possible.

The NGOs in Canada, organized under the aegis of the Canadian Coalition on a Just Economic Order, asked for and got an opportunity to meet with Canadian Government officials just before the Canadian position was formulated.

One of the leading spokesmen for the Group of 77, Ambassador Donald Mills of Jamaica, was asked during the Forum what the reasons were for the more conciliatory "mood" of the Seventh Special Session as compared to the Sixth. He specifically referred to these kinds of "outside" NGO studies and consultations which draw on a vast pool of expertise from all parts of the world and exposed diplomats and government policy-makers to a range of independent analysis and opinion.

ii) *Monitoring the Session (activities during the Session itself)*

Unlike the World Food Conference in Rome in November, 1974, the Seventh Special Session did not lend itself, in terms of organization and style, to active intervention by NGOs in the meetings nor, for those NGOs which are able to intervene directly, to very much "lobbying" with delegates. The principal negotiating sessions were closed and NGOs have never been allowed to speak in the UN General Assembly.

However, there were two groups of "grass roots" NGO representatives (mainly from church organizations) who met in New York at the time of the Special Session to monitor the meetings and to discuss ways of influencing their own government's position. One was an American group organized by the Development Education Working Group of the National Council of Churches of Christ in the USA. These thirty persons, coming from church and community-based organizations in all parts of the United States, held a two week parallel seminar (they called it a "praxis") in the Church Centre for the UN across the street from the General Assembly. Whenever possible, they tried to arrange meetings with

officials of the United States Delegation and various Third World delegations.

The other group was Canadian, organized by the Canadian Coalition on a Just Economic Order (a national umbrella group formed by the Canadian Council for International Co-operation and GATT-Fly, an inter-church project on trade issues). They, too, met at the Church Centre for the UN, often in joint sessions with the American church groups, and were more active in meeting with and attempting to influence the position of the Canadian Delegation. They kept in touch during the Special Session, by means of a telephone network, with their NGO constituencies across Canada.

At several UN conferences in the past two years, the NGOs have published a regular newspaper which has served to inform delegates and observers alike of developments at the conference. Such a newspaper has the potential of presenting an NGO point of view and the newspaper of the World Food Conference, *Pan*, did have significant impact on the deliberations in Rome. Because of a lack of time and money, the NGOs were not able to mount a newspaper of the scope of *Pan* at the Special Session, but some funds were obtained by the International Council of Voluntary Agencies (ICVA) to enable it to publish seven issues of a small commentary sheet title *UNGASS* (UN General Assembly Special Session).

iii) *Educating the Constituency (post-Session activities)*

Mass constituency NGOs represent people, many millions of people, in all parts of the globe. When their representatives come to the UN and learn about the issues being debated, they can and do report back to their members. The Special Session was a unique opportunity for such an educational performance.

Most of the NGO reports are internal to particular organizations, but some have been widely circulated since the Special Session and are of extremely high quality, containing perceptive commentary on the debate and pointing out places where NGO action is necessary. To mention only a few is dangerous, but those most commented upon to date have been from international organizations such as the World Conference on Religion and Peace, the Commission of the Churches in International Affairs, and the Society for International Development (SID Survey), and from such national organizations as the UNA/USA, National Council, Churches of Christ (USA), the United Church Board for World Ministries (USA), the Canadian Council for International Co-operation, and the World Development Movement (UK).

Future Events

Many of the NGOs interested in the Special Session attempt to attract the widest possible membership and/or audience and are therefore, by their very nature, generalist. When it comes to following and actively participating in a theme such as international development, NGOs, both the generalists and the specialized ones, tend to tackle it from a broad perspective, pointing out the intrinsic links between the various "sub issues" such as aid, trade, monetary reform, industrialization, etc.

One of the most noteworthy accomplishments of the Seventh Special Session was the underscoring of this linkage, along with the elevating of the importance in the context of overall international relations, of the whole subject of international development. This was foreseen in the original 1973 resolution (Resolution 3172 XVIII) which called for the Seventh Special Session, "for the purpose of examining the political and other implications of the state of world development and international economic co-operation, expanding the dimensions and and concepts of world economic and developmental co-operation and giving the goal of development its rightful place in the United Nations system and on the international stage." And it was reflected in the final Resolution (3362 S-VII) of the Seventh Special Session itself.

As was stated in the Preface of this report, the Special Session Resolution was primarily an agreement to seek agreement and has set in motion a process of study and negotiation in other places and at other times. Those chapters of this report that correspond to the sections of the Special Session Resolution, end with a few words on the next steps, i.e. where the particular "sub issues" will be taken up next. But it is both useful and necessary to see the whole picture together since none of the "sub issues" can really be considered in isolation. For NGOs wishing to continue to monitor the discussions and developments "in other places and at other times" the most important future events on the immediate calendar are noted below.

First it is useful to note the situation at the end of 1975 when this report went to press. The *Ad-Hoc* Committee on Restructuring of the Economic and Social Sectors of the United Nations System, established by the 30th General Assembly, organized its work, presented an interim report to the 30th General

Assembly, and is expected to meet in 1976 as noted below. The 30th session of the UN General Assembly ordered studies on establishing an industrial technological information bank and an international centre for the exchange of technological information for sharing research with developing countries.

The 27 nation Conference on International Economic Co-operation met from December 16-19 in Paris and established commissions on energy, raw materials, development and finance. These four commissions, which may duplicate efforts in UN bodies, are expected to meet at various times in 1976.

January 1976 (Jamaica) A meeting of the Interim Committee of the IMF will consider the questions of the SDR link, the expansion of the IFC, greater voting power of the Third World countries, an IMF compensatory finance facility and a buffer stock facility. (See Chapter IV Finance and Monetary Problems).
(New York) The Governing Council of the UNDP will consider an experts report on economic co-operation among developing countries. (See Chapter VIII Internal Development Strategies).

February 1976 (Rome) A pledging conference for the International Fund for Agricultural Development will be held. (See Chapter VII Food and Marine Resources).

February 11 to March 3 The Second Session of the Ad Hoc Committee on Restructuring will meet in New York. This session will hear from the executive heads of the UN agencies. An informal Working Group should be established by this time to meet inter-sessionally under the chairmanship of Ambassador Dadzie of Ghana, chairman of the Ad Hoc Committee. (See Chapter IX Global Structures).

March (Geneva) The Second Meeting of the World Food Council will consider agricultural investment, trade and food aid. The IFAD should report to the WFC. (NGOs played an important role at the World Food Conference in Rome in November 1974. Many of them monitored the first meeting of the World Food Council in Rome in June 1975. A precedent is set for NGO participation in WFC meetings, including the presentation of statements. See Chapter VII Food and Marine Resources).

March to May (New York) The Third Law of the Sea Conference

will take over where the Second Conference left off. (NGOs are particularly interested in this Conference from the legal, environmental and food resource points of view. See Chapter VII Food and Marine Resources).

May 3-21 (Nairobi) UNCTAD IV convenes with the following points on its agenda:
1) commodities
2) trade in manufactures
3) money and finance
4) transfer of technology
5) co-operation among developing countries
6) special problems of the least developed countries
7) trade with Socialist countries of Eastern Europe
8) role of UNCTAD
(Many NGOs at the international and national level consider UNCTAD IV the most comprehensive and important follow-up point for implementation of the Special Session recommendations. NGO activity in Nairobi parallel to UNCTAD IV is being planned. See Chapter III Trade and Commodity Problems, Chapter IV Finance and Monetary Problems, Chapter V Science & Technology, Chapter VI Industrialization, Chapter VIII Internal Development Strategies).

May 31-June 11 (Vancouver) Habitat—UN Conference on Human Settlements.
(Many NGO activities are planned to run parallel to the Habitat Conference. Called collectively the *HABITAT Forum* these will range from large "parliamentary" sessions to actual physical exhibitions of appropriate human settlement technologies. HABITAT Forum will begin May 27, 1976 and continue through June 11. See Chapter II Human Values, Chapter VI Employment & Industrialization).

June 1-11 The Third Session of the Ad Hoc Committee on Restructuring will take place in New York. It will receive a report from UNCTAD IV. (See Chapter IX Global Structures).

June 4-17 (Geneva) The World Employment Conference will meet with four agenda points:
1) adjustment assistance
2) transnational corporations—their role in employment creation

3) appropriate technology
4) international migration
(See Chapter VI Employment & Industrialization).

September (Manila) The Annual Meetings of the World Bank and the International Monetary Fund will continue to consider the issues discussed by the IMF Interim Committee in January.

September 21 (New York) The 31st General Assembly will consider
1) The report of the Ad Hoc Committee on Restructuring
2) report on UNIDO becoming a specialized agency (See Chapter IX Global Structures, Chapter VI Employment & Industrialization).

Throughout the year 1976 (Geneva) Multilateral Trade Negotiations (See Chapter III Trade & Commodities).
(Various locations) International Commodity Agreements (See Chapter III Trade & Commodities).
(New York) Planning Committee for a UN Conference on Science and Technology to be held in 1978 or 1979 to consider:
1) strengthening science & technology in developing countries;
2) utilizing science and technology internationaliy and regionally;
3) providing co-operation to developing countries to use science and technology to solve socio-economic problems (See Chapter V Science and Technology).
(Various Locations) The UN Regional Economic Commissions will study the experts report on Economic Co-operation Among Developing Countries. (See Chapter VIII Internal Development Strategies).

March 1977 (Buenos Aires) UN Water Conference (See Chapter VII Food and Marine Resources)

Autumn 1977 (probably Nairobi) UN Conference on Desertification (See Chapter VII Food and Marine Resources).

1978 or 1979 (place to be determined) UN Conference on Science and Technology (See Chapter V Science and Technology).

The Role of NGOs

We begin and end this report with a few words on the role of NGOs. In the introduction (Chapter I) we noted that every major UN conference or event in the past few years has been accompanied by a significant parallel NGO activity. Obviously the follow-up on the Seventh Special Session will require close NGO scrutiny and, at appropriate times, parallel or supportive action. It is clear that NGOs will be visible and active at "special events" such as the Third Law of the Sea Conference, UNCTAD IV, Habitat, and the World Employment Conference, all during 1976. But an appreciation of the whole spectrum of follow-up activities, from the technical discussions in the IMF Committee to the regular sessions of UNDP and ECOSOC, (including these "special events") is essential in order to have a total picture of action on the whole subject.

In the coming years, NGOs involved in the issues of international development face an entirely different situation. Before the age of recognized interdependence was upon us, it was assumed that each nation could develop relatively autonomously within the framework of an accepted world economic structure. The role of outside groups, whether governmental or private, was to urge developed nations to provide less fortunate nations that extra margin of outside assistance which could start a self-sustaining development process in motion. Few thought that development in the Third World would, once under way, affect very substantially the way of life in the developed societies.

We now see that these ideas are no longer valid. As our planet becomes more crowded, as pressure on known resources increases, as new centers of economic power in the Third World press for changes in international economic structures, very substantial changes in the way of life of citizens in all societies—developed or developing—are likely to take place. How they take place is the critical question. They can come about through structured and negotiated compromise which attempts to cushion painful changes and distribute more fairly desired benefits. In this case all sides could benefit absolutely though some nations might make, and clearly should make, greater gains relative to others.

The role of NGOs in helping the world community meet this challenge is, as we have seen by their action around the Special Session, threefold.

The first is to monitor developments and to contribute to the

process of discussion by means of research, studies, and consultations. NGOs often bring a human or social perspective to what is otherwise a strictly economic approach, usually further disturbed by narrow definitions of national interest. Many NGOs are traditionally concerned with the effect of economic decisions on people as well as governments, with the poor and under privileged, with the role of women, with the humanization of institutions. These and other related concerns should continue to be raised by the NGO community.

The second role for many NGOs is to clarify issues and represent public interest constituencies for decision-makers both at the national and international levels. On many of the issues of the Special Session—trade, finance, science and technology, industrialization, food, co-operation between developing countries, and restructuring—NGOs have an important contribution to make particularly since, as we have suggested, little reform is possible without the mass support which a concerned NGO community can help to mobilize. On some other aspects which transcend all the Special Session issues, aspects such as aid levels, the role of multinational corporations, or human values, NGOs have already shown that they possess or can develop a special expertise coupled with a desire and an ability to exert influence. Sometimes this is done by suggesting new approaches or solutions. More often it is done simply by showing to policy makers that a proportion of interested people support alternate approaches.

The third role for NGOs is to inform and to educate their own constituencies and the public at large. It is perhaps significant that the Resolution of the Special Session does not mention the task of public education or information, either in the developing or in the developed countries. Almost by implication, this enormous task is left to the NGOs. The concepts of the New International Economic Order need to be explained as a framework for understanding the detailed issues of the Seventh Special Session.

The Seventh Special Session may not have been a turning point in itself as much as it was an event which happened to coincide with a ready-made turning point, signified by a radically changed realization of world economic relations. To call the Special Session a "success" mean simply that the newly-grouped economic forces of the world agreed to continue to dialogue with each other, not that the thorniest points of difference were in any way resolved. For NGOs to interpret these changed world economic relations and to help foster the continuing dialogue they require an acute appreciation of the significance of this turning point.

Politically, the Special Session was a revelation. The political unity of the Group of 77 was striking throughout the two weeks of negotations. While there undoubtedly were great differences between the positions of the developing countries (particularly between the oil-rich and the resource-poor) their spokesmen were able to talk for all of them, over one hundred countries, with a strong and consistent voice. The European Economic Community also came of age as a negotiating group, proving that it had done its homework well and was prepared to speak through one voice, that of the representative of Italy. The Socialist countries of Eastern Europe, along with China, realizing that they together represent only 5% of the world's trade with developing countries, played a quieter role and were content, whenever appropriate, to support the ideological and philosophical stand of the Group of 77. And finally, the United States asserted a leadership role in world economic relations, willing to modify its earlier positions, as Dr. Kissinger's opening speech indicated, on several important points while remaining determined to hold the line on what it regarded as fundamental principles. In short, with the exception of the Socialist countries, which adopted a more passive posture, all groups approached the Special Session with a determination to pursue compromise on issues where compromise was possible and to defer for another day discussion on issues where compromise was not possible. If further progress is to be made it will be essential to protect this spirit of pragmatism combined with principle.

Economically, the Special Session highlighted the new world situation. The developing countries are growing but not evenly and not fast enough. Economic disparity between developing countries and within them is alarming. The OPEC countries are oil-rich now but face the real constraint of uncertain future income from their non-renewable resources. The OECD countries are suffering from an unprecedented inflation-recession dilemma, high unemployment, and an uncertain supply of energy. Overall, it is clear as was stated in an NGO paper for the Special Session by the UNA/USA;

> *"how little most nations—whether developed or developing— . . . (are) in command of their own economic destinies . . . the very fluidity of the present moment in international economic affairs offers exceptional opportunity for the new participants at the bargaining table to influence the outcome. No country involved is a free agent, but the conjunction of forces now at work may well have made 1975 an auspicious year for broad collaboration towards lasting solutions from which all can*

benefit. If this proves to be the case, the General Assembly and other plenary UN conferences . . . could again prove their worth in the necessary work of harmonizing the needs and hopes of North and South."

NGOs concerned with this broad theme of international development, clearly the most important problem ever to confront mankind, face an enormous challenge. By means of monitoring, educating and influencing, they must transmit the complex issues of development to their broad constituencies and, through their constituencies, to policy-makers, in order to assist the still fragile momentum of dialogue, negotiation and consensus. Without a change of attitude of peoples, brought about by the realization of the new political and economic situation of the world, the doors opened by the Special Session could easily slam shut again. It is in the light of this danger that NGOs and governments must begin their new task.

APPENDIX (i)

Calendar of Events

As mentioned in the preface, it was necessary in this report to recognize some of the contributions made at the NGO Forum in order to group all presentations on the same subject within the same chapter. For the record, the actual programme of the NGO Forum, September 1-12, 1975 is reproduced here.

1 September

Morning Briefing: *How an Assembly Works, and Issues before the Assembly* Philippe de Seynes, Senior Special Fellow, UNITAR

Afternoon Forum: *Trade and Commodity Problems* Guy Erb, Senior Fellow, Overseas Development Council, Washington, (Chairman). Bernard Chidzero, Director, Division of Commodities, UNCTAD, Geneva, Edward Fried, Senior Fellow, Brookings Institution, Washington, Adolfo Comba, Director, Delegation of the Commission of the European Communities, New York Office, Norberto Gonzalez, Chief, International Trade and Development Division, Economic Commission for Latin America, Santiago

2 September

Morning Briefing: *Background of the Assembly*. Developments in the UN including the International Development Strategy, New Economic Order, Rights and Duties of States, Lima Declaration. Muchkund Dubey, Principal Officer, Programme Policy Division, United Nations Development Programme

Afternoon Forum: *Employment and Industrialization* Hans Singer, Institute of Development Studies, University of Sussex, (Chairman). Appiah Pathmarajah, Special Assistant, ILO, Geneva, Nadia Youssef, Associate Professor, University of Southern California, Donald Guertin, Senior Planning Advisor, Exxon Corporation, New York, Esteban Torres, Assistant Director International Affairs Department, United Auto Workers, Washington, Jose Antonia Garcia-Belaunde, First Secretary, Permanent Mission of Peru to the United Nations.

3 September

Morning Briefing: *Development Cooperation as Seen by Industrialized*

Countries Sidney Weintraub, Senior Advisor to the US Delegation, Assistant Administrator, United States Agency for International Development, Arie Van Der Hek, Advisor to the Netherlands Delegation

Afternoon Forum: *Internal Development Strategies* Ambassador Paul Bomani, Ambassador of Tanzania to the United States, (Chairman), Ismael Sabri Abdallah, National Institute of Planning, Cairo, Egypt, Leo Orleans, China Specialist, Library of Congress, Washington, D.C., Enrique Iglesias, Executive Secretary, Economic Commission for Latin America, Santiago, Fawzy Mansour, African Institute for Development and Planning, Dakar, Inga Thorsson, Under-Secretary for Foreign Affairs, Sweden

4 September

Morning Briefing: *Restructuring of the UN System* Uner Kirdar, Senior Inter-Agency Affairs Officer

Afternoon Forum: Human Values in the Economic Order Peter Henriot, Center of Concern, Washington, (Chairman), Isaac Asimov, Writer, Author of *Earth: Our Crowded Spaceship*, New York, Julia Henderson, Secretary-General, IPPF, London, Mochtar Lubis, Indonesian Publisher, Journalist and Novelist, Appiah Pathmarajah, Special Assistant, ILO, Geneva, Georg Picht, Forschungsstatte der Evangelischen Studiengemeinschaft, Heidelberg, West Germany

5 September

Morning Briefing: *Development Cooperation as Seen by the Developing Countries* H. E. Donald Mills, Ambassador of Jamaica to the United Nations

Afternoon Forum: *Shaping the Future* Mihajlo Mesarovic, Co-Author of "Mankind at the Turning Point," Second Report to the Club of Rome, (Chairman), Harlan Cleveland, Director of Program, "Human Requirements, Supply Levels, and Outer Bound: A Framework for Thinking About the Planetary Bargain," Aspen Institute, Richard Gardner, Professor of Law, Columbia University, Saul Mendlovitz, World Order Models Project, Marc Nerfin, Project Director, Dag Hammarskjold Report "What Now," Inga Thorsson, Under-Secretary for Foreign Affairs, Sweden

8 September

Morning Briefing: *Issues Before the Assembly. Trade and Development.* Gamani Corea, Secretary-General, United Nations Conference on Trade and Development, Geneva

Afternoon Forum: *Food and Natural Resources* Edwin Martin, Consultative Group on Food Production and Investment in Developing Countries, World Bank, Washington, (Chairman), Sartaj Aziz, Deputy Executive Director, World Food Council Secretariat, Rome, Elisabeth Mann Borgese, Center for the Study of Democratic Institutions, Santa Barbara, California, Lester Brown, Worldwatch Institute, Washington

9 September

Morning Briefing: *Issues Before the Assembly. Science and Technology* Klaus-Heinrich Standke, Director, Office of Science and Technology, UN

Afternoon Forum: *Science and Technology* Alexander King, International Federation of Institutes for Advanced Study, Paris, (Chairman). Alok K. Chakraborti, Assistant Professor of Marketing, Depaul University, Chicago, Co-Author of *Research Priorities on Technology Transfer to Developing Countries*, Nazli Choucri, Department of Political Science, MIT Marcello Alonso, Acting Director, Department of Science and Technology, OAS, Lord Ritchie-Calder, Senior Fellow, Center for the Study of Democratic Institutions, Mark Thompson, Former Assistant to the Director of the International Institute of Applied Systems Analysis; Assistant Professor, Harvard School of Public Health

10 September

Morning Briefing: *Issues Before the Assembly. International Financial Problems* Jan-Maarten Zegers, Special Representative to the United Nations International Monetary Fund

Afternoon Forum: *Finance and Monetary Problems* Irving Friedman, Senior Vice President, First National City Bank, New York, (Chairman). Julian Grenfell, Special Representative for UN Organizations, World Bank. I. G. Patel, Deputy Administrator, UNDP, Augusto Ramirez-Ocampo, Deputy Director for Colombia to the Inter-American Development Bank, A. Charles Woodward, Assistant Director, Central European Division, International Monetary Fund

11 September

Morning Briefing: *Progress at the Special Session* Philippe de Seynes, Senior Special Fellow, UNITAR

Afternoon Forum: *Global Structures for Social and Economic Cooperation* Ambassador Neville Kanakaratne, Sri Lanka Ambassador to the US, (Chairman). James Grant, President, Overseas Development Council. Richard Gardner, Columbia Law School, Al Noor-Kassum, Minister of Finance and Mission to East Africa Community; Chairman, The Group of Experts on the Structure of the UN System; Ambassador Johan Kaufmann, Mission of the Netherlands to the UN; Ambassador Donald Mills, Mission of Jamaica to the UN

12 September

Morning Briefing: *What Next? Future Economic Discussion Within the UN System* Ambassador Barbara White (United States), Ambassador Ivor Richard (United Kingdom), Ambassador Freydoun Hoveyda (Iran), Minister V. Cherednik (USSR)

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UNITED NATIONS

GENERAL ASSEMBLY

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Seventh special session
Agenda item 7

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Ad Hoc Committee of the Seventh Special Session (A/10232)]

3362 (S-VII). Development and international economic co-operation

The General Assembly,

Determined to eliminate injustice and inequality which afflict vast sections of humanity and to accelerate the development of developing countries,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 1/ as well as the Charter of Economic Rights and Duties of States, 2/ which lay down the foundations of the new international economic order,

Reaffirming the fundamental purposes of the above-mentioned documents and the rights and duties of all States to seek and participate in the solutions of the problems afflicting the world, in particular the imperative need of redressing the economic imbalance between developed and developing countries,

Recalling further the International Development Strategy for the Second United Nations Development Decade, 3/ which should be reviewed in the light of the Programme of Action on the Establishment of a New International Economic Order, and determined to implement the targets and policy measures contained in the International Development Strategy,

Conscious that the accelerated development of developing countries would be a decisive element for the promotion of world peace and security,

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1/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

2/ General Assembly resolution 3281 (XXIX).

3/ General Assembly resolution 2626 (XXV).

Recognizing that greater co-operation among States in the fields of trade, industry, science and technology as well as in other fields of economic activities, based on the principles of the Declaration and the Programme of Action on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States, would also contribute to strengthening peace and security in the world,

Believing that the over-all objective of the new international economic order is to increase the capacity of developing countries, individually and collectively, to pursue their development,

Decides, to this end and in the context of the foregoing, to set in motion the following measures as the basis and framework for the work of the competent bodies and organizations of the United Nations system:

I. INTERNATIONAL TRADE

1. Concerted efforts should be made in favour of the developing countries towards expanding and diversifying their trade, improving and diversifying their productive capacity, improving their productivity and increasing their export earnings, with a view to counteracting the adverse effects of inflation - thereby sustaining real incomes - and with a view to improving the terms of trade of the developing countries and in order to eliminate the economic imbalance between developed and developing countries.

2. Concerted action should be taken to accelerate the growth and diversification of the export trade of developing countries in manufactures and semi-manufactures and in processed and semi-processed products in order to increase their share in world industrial output and world trade within the framework of an expanding world economy.

3. An important aim of the fourth session of the United Nations Conference on Trade and Development, in addition to work in progress elsewhere, should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof. In this connexion, taking into account the distinctive features of individual raw materials and commodities, the decisions should bear on the following:

(a) Appropriate international stocking and other forms of market arrangements for securing stable, remunerative and equitable prices for commodities of export interest to developing countries and promoting equilibrium between supply and demand, including, where possible, long-term multilateral commitments;

(b) Adequate international financing facilities for such stocking and market arrangements;

(c) Where possible, promotion o[illegible]g-term and medium-term contracts;

(d) Substantially improve facilities for compensatory financing of export revenue fluctuations through the widening and enlarging of the existing facilities. Note has been taken of the various proposals regarding a comprehensive scheme for the stabilization of export earnings of developing countries and for a Development Security Facility as well as specific measures for the benefit of the developing countries most in need;

(e) Promotion of processing of raw materials in producing developing countries and expansion and diversification of their exports, particularly to developed countries;

(f) Effective opportunities to improve the share of developing countries in transport, marketing and distribution of their primary commodities and to encourage measures of world significance for the evolution of the infrastructure and secondary capacity of developing countries from the production of primary commodities to processing, transport and marketing, and to the production of finished manufactured goods, their transport, distribution and exchange, including advanced financial and exchange institutions for the remunerative management of trade transactions;

4. The Secretary-General of the United Nations Conference on Trade and Development should present a report to the Conference at its fourth session on the impact of an integrated programme on the imports of developing countries which are net importers of raw materials and commodities, including those lacking in natural resources, and recommend any remedial measures that may be necessary.

5. A number of options are open to the international community to preserve the purchasing power of developing countries. These need to be further studied on a priority basis. The Secretary-General of the United Nations Conference on Trade and Development should continue to study direct and indirect indexation schemes and other options with a view to making concrete proposals before the Conference at its fourth session.

6. The Secretary-General of the United Nations Conference on Trade and Development should prepare a preliminary study on the proportion between prices of raw materials and commodities exported by developing countries and the final consumer price, particularly in developed countries, and submit it, if possible, to the Conference at its fourth session.

7. Developed countries should fully implement agreed provisions on the principle of standstill as regards imports from developing countries, and any departure should be subjected to such measures as consultations and multilateral surveillance and compensation, in accordance with internationally agreed criteria and procedures.

8. Developed countries should take effective steps within the framework of multilateral trade negotiations for the reduction or removal, where feasible and appropriate, of non-tariff barriers affecting the products of export interest to developing countries on a differential and more favourable basis for developing countries. The Generalized Scheme of Preferences should not terminate at the end of the period of ten years originally envisaged and should be continuously improved through wider coverage, deeper cuts and other measures, bearing in mind the interests of those developing countries which enjoy special advantages and the need for finding ways and means for protecting their interests.

9. Countervailing duties should be applied only in conformity with internationally agreed obligations. Developed countries should exercise maximum restraint within the framework of international obligations in the imposition of countervailing duties on the imports of products from developing countries. The multilateral trade negotiations under way should take fully into account the particular interests of developing countries with a view to providing them differential and more favourable treatment in appropriate cases.

10. Restrictive business practices adversely affecting international trade, particularly that of developing countries, should be eliminated and efforts should be made at the national and international levels with the objective of negotiating a set of equitable principles and rules.

11. Special measures should be undertaken by developed countries and developing countries in a position to do so to assist in the structural transformation of the economy of the least developed, land-locked and island developing countries.

12. Emergency measures as spelled out in section X of General Assembly resolution 3202 (S-VI) should be undertaken on a temporary basis to meet the specific problems of the most seriously affected countries as defined in Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, without any detriment to the interests of the developing countries as a whole.

13. Further expansion of trade between the socialist countries of Eastern Europe and the developing countries should be intensified as is provided for in resolutions 15 (II) of 25 March 1968 4/ and 53 (III) of 19 May 1972 5/ of the United Nations Conference on Trade and Development. Additional measures and appropriate orientation to achieve this end are necessary.

4/ Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I and Corr.1 and 3 and Add.1 and 2, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), p. 32.

5/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No.: E.73.II.D.4), annex I.A.

II. TRANSFER OF REAL RESOURCES FOR FINANCING THE DEVELOPMENT OF DEVELOPING COUNTRIES AND INTERNATIONAL MONETARY REFORMS

1. Concessional financial resources to developing countries need to be increased substantially, their terms and conditions ameliorated and their flow made predictable, continuous and increasingly assured so as to facilitate the implementation by developing countries of long-term programmes for economic and social development. Financial assistance should, as a general rule, be untied.

2. Developed countries confirm their continued commitment in respect of the targets relating to the transfer of resources, in particular the official development assistance target of 0.7 per cent of gross national product, as agreed in the International Development Strategy for the Second United Nations Development Decade, and adopt as their common aim an effective increase in official development assistance with a view to achieving these targets by the end of the decade. Developed countries which have not yet made a commitment in respect of these targets undertake to make their best efforts to reach these targets in the remaining part of this decade.

3. The establishment of a link between the special drawing rights and development assistance should form part of the consideration by the International Monetary Fund of the creation of new special drawing rights as and when they are created according to the needs of international liquidity. Agreement should be reached at an early date on the establishment of a trust fund, to be financed partly through the International Monetary Fund gold sales and partly through voluntary contributions and to be governed by an appropriate body, for the benefit of developing countries. Consideration of other means of transfer of real resources which are predictable, assured and continuous should be expedited in appropriate bodies.

4. Developed countries and international organizations should enhance the real value and volume of assistance to developing countries and ensure that the developing countries obtain the largest possible share in the procurement of equipment, consultants and consultancy services. Such assistance should be on softer terms and, as a general rule, untied.

5. In order to enlarge the pool of resources available for financing development, there is an urgent need to increase substantially the capital of the World Bank Group, and in particular the resources of the International Development Association, to enable it to make additional capital available to the poorest countries on highly concessional terms.

6. The resources of the development institutions of the United Nations system, in particular the United Nations Development Programme, should also be increased. The funds at the disposal of the regional development banks should be augmented. These increases should be without prejudice to bilateral development assistance flows.

7. To the extent desirable, the World Bank Group is invited to consider new ways of supplementing its financing with private management, skills, technology and

capital and also new approaches to increase financing of development in developing countries, in accordance with their national plans and priorities.

8. The burden of debt on developing countries is increasing to a point where the import capacity as well as reserves have come under serious strain. At its fourth session the United Nations Conference on Trade and Development shall consider the need for, and the possibility of, convening as soon as possible a conference of major donor, creditor and debtor countries to devise ways and means to mitigate this burden, taking into account the development needs of developing countries, with special attention to the plight of the most seriously affected countries as defined in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

9. Developing countries should be granted increased access on favourable terms to the capital markets of developed countries. To this end, the Joint Development Committee of the International Monetary Fund and the International Bank for Reconstruction and Development should progress as rapidly as possible in its work. Appropriate United Nations bodies and other related intergovernmental agencies should be invited to examine ways and means of increasing the flow of public and private resources to developing countries, including proposals made at the current session to provide investment in private and public enterprises in the developing countries. Consideration should be given to the examination of an international investment trust and to the expansion of the International Finance Corporation capital without prejudice to the increase in resources of other intergovernmental financial and development institutions and bilateral assistance flows.

10. Developed and developing countries should further co-operate through investment of financial resources and supply of technology and equipment to developing countries by developed countries and by developing countries in a position to do so.

11. Developed countries, and developing countries in a position to do so, are urged to make adequate contributions to the United Nations Special Fund with a view to an early implementation of a programme of lending, preferably in 1976.

12. Developed countries should improve terms and conditions of their assistance so as to include a preponderant grant element for the least developed, land-locked and island-developing countries.

13. In providing additional resources for assisting the most seriously affected countries in helping them to meet their serious balance-of-payments deficits, all developed countries, and developing countries in a position to do so, and international organizations such as the International Bank for Reconstruction and Development and the International Monetary Fund, should undertake specific measures in their favour, including those provided in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

14. Special attention should be given by the international community to the phenomena of natural disasters which frequently afflict many parts of the world, with far-reaching devastating economic, social and structural consequences,

particularly in the least developed countries. To this end, the General Assembly at its thirtieth session, in considering this problem, should examine and adopt appropriate measures.

15. The role of national reserve currencies should be reduced and the special drawing rights should become the central reserve asset of the international monetary system in order to provide for greater international control over the creation and equitable distribution of liquidity and in order to limit potential losses as a consequence of exchange rate fluctuations. Arrangements for gold should be consistent with the agreed objective of reducing the role of gold in the system and with equitable distribution of new international liquidity and should in particular take into consideration the needs of developing countries for increased liquidity.

16. The process of decision-making should be fair and responsive to change and should be most specially responsive to the emergence of new economic influence on the part of developing countries. The participation of developing countries in the decision-making process in the competent organs of international finance and development institutions should be adequately increased and made more effective without adversely affecting the broad geographic representation of developing countries and in accordance with the existing and evolving rules.

17. The compensatory financing facility now available through the International Monetary Fund should be expanded and liberalized. In this connexion, early consideration should be given by the Fund and other appropriate United Nations bodies to various proposals made at the current session - including the examination of a new development security facility - which would mitigate export earnings shortfalls of developing countries, with special regard to the poorest countries, and thus provide greater assistance to their continued economic development. Early consideration should also be given by the International Monetary Fund to proposals to expand and liberalize its coverage of current transactions to include manufactures and services, to ensure that, whenever possible, compensation for export shortfalls takes place at the same time they occur, to take into account, in determining the quantum of compensation, movements in import prices and to lengthen the repayment period.

18. Drawing under the buffer stock financing facility of the International Monetary Fund should be accorded treatment with respect to floating alongside the gold tranche, similar to that under the compensatory financing facility, and the Fund should expedite its study of the possibility of an amendment of the Articles of Agreement, to be presented to the Interim Committee, if possible in its next meeting, that would permit the Fund to provide assistance directly to international buffer stocks of primary products.

III. SCIENCE AND TECHNOLOGY

1. Developed and developing countries should co-operate in the establishment, strengthening and development of the scientific and technological infrastructure of developing countries. Developed countries should also take appropriate

measures, such as contribution to the establishment of an industrial technological information bank and consideration of the possibility of regional and sectoral banks, in order to make available a greater flow to developing countries of information permitting the selection of technologies, in particular advanced technologies. Consideration should also be given to the establishment of an international centre for the exchange of technological information for the sharing of research findings relevant to developing countries. For the above purposes institutional arrangements within the United Nations system should be examined by the General Assembly at its thirtieth session.

2. Developed countries should significantly expand their assistance to developing countries for direct support to their science and technology programmes, as well as increase substantially the proportion of their research and development devoted to specific problems of primary interest to developing countries, and in the creation of suitable indigenous technology, in accordance with feasible targets to be agreed upon. The General Assembly invites the Secretary-General to carry out a preliminary study and to report to the Assembly at its thirty-first session on the possibility of establishing, within the framework of the United Nations system, an international energy institute to assist all developing countries in energy resources research and development.

3. All States should co-operate in evolving an international code of conduct for the transfer of technology, corresponding, in particular, to the special needs of the developing countries. Work on such a code should therefore be continued within the United Nations Conference on Trade and Development and concluded in time for decisions to be reached at the fourth session of the Conference, including a decision on the legal character of such a code with the objective of the adoption of a code of conduct prior to the end of 1977. International conventions on patents and trade marks should be reviewed and revised to meet, in particular, the special needs of the developing countries, in order that these conventions may become more satisfactory instruments for aiding developing countries in the transfer and development of technology. National patents systems should, without delay, be brought into line with the international patent system in its revised form.

4. Developed countries should facilitate access of developing countries on favourable terms and conditions, and on an urgent basis, to informatique, to relevant information on advanced and other technologies suited to their specific needs as well as on new uses of existing technology, new developments, and possibilities of adapting them to local needs. Inasmuch as in market economies advanced technologies with respect to industrial production are most frequently developed by private institutions, developed countries should facilitate and encourage these institutions in providing effective technologies in support of the priorities of developing countries.

5. Developed countries should give developing countries the freest and fullest possible access to technologies whose transfer is not subject to private decision.

6. Developed countries should improve the transparency of the industrial property market in order to facilitate the technological choices of developing countries.

In this respect, relevant organizations of the United Nations system, with the collaboration of developed countries, should undertake projects in the fields of information, consultancy and training for the benefit of developing countries.

7. A United Nations Conference on Science and Technology for Development should be held in 1978 or 1979 with the main objectives of strengthening the technological capacity of developing countries to enable them to apply science and technology to their own development; adopting effective means for the utilization of scientific and technological potentials in the solution of development problems of regional and global significance, especially for the benefit of developing countries; and providing instruments of co-operation to developing countries in the utilization of science and technology for solving socio-economic problems that cannot be solved by individual action, in accordance with national priorities, taking into account the recommendations made by the Intergovernmental Working Group of the Committee on Science and Technology for Development.

8. The United Nations system should play a major role, with appropriate financing, in achieving the above-stated objectives and in developing scientific and technological co-operation between all States in order to ensure the application of science and technology to development. The work of the relevant United Nations bodies, in particular that of the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the International Labour Organisation, the United Nations Educational, Scientific and Cultural Organization, the Food and Agriculture Organization of the United Nations, the World Intellectual Property Organization and the United Nations Development Programme, to facilitate the transfer and diffusion of technology should be given urgent priority. The Secretary-General of the United Nations should take steps to ensure that the technology and experience available within the United Nations system is widely disseminated and readily available to the developing countries in need of it.

9. The World Health Organization and the competent organs of the United Nations system, in particular the United Nations Children's Fund, should intensify the international effort aimed at improving health conditions in developing countries by giving priority to prevention of disease and malnutrition and by providing primary health services to the communities, including maternal and child health and family welfare.

10. Since the outflow of qualified personnel from developing to developed countries seriously hampers the development of the former, there is an urgent need to formulate national and international policies to avoid the "brain drain" and to obviate its adverse effects.

IV INDUSTRIALIZATION

1. The General Assembly endorses the Lima Declaration and Plan of Action on Industrial Development Co-operation 6/ and requests all Governments to take

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6/ See A/10112, chap. IV.

individually and/or collectively the necessary measures and decisions required to implement effectively their undertakings in terms of the Lima Declaration and Plan of Action.

2. Developed countries should facilitate the development of new policies and strengthen existing policies, including labour market policies, which would encourage the redeployment of their industries which are less competitive internationally to developing countries, thus leading to structural adjustments in the former and a higher degree of utilization of natural and human resources in the latter. Such policies may take into account the economic structure and the economic, social and security objectives of the developed countries concerned and the need for such industries to move into more viable lines of production or into other sectors of the economy.

3. A system of consultations as provided for by the Lima Plan of Action should be established at the global, regional, interregional and sectoral levels within the United Nations Industrial Development Organization and within other appropriate international bodies, between developed and developing countries and among developing countries themselves, in order to facilitate the achievement of the goals set forth in the field of industrialization, including the redeployment of certain productive capacities existing in developed countries and the creation of new industrial facilities in developing countries. In this context, the United Nations Industrial Development Organization should serve as a forum for negotiation of agreements in the field of industry between developed and developing countries and among developing countries themselves, at the request of the countries concerned.

4. The Executive Director of the United Nations Industrial Development Organization should take immediate action to ensure the readiness of that organization to serve as a forum for consultations and negotiation of agreements in the field of industry. In reporting to the next session of the Industrial Development Board on actions taken in this respect, the Executive Director should also include proposals for the establishment of a system of consultations. The Industrial Development Board is invited to draw up, at an early date, the rules of procedure according to which this system would operate.

5. To promote co-operation between developed and developing countries, both should endeavour to disseminate appropriate information about their priority areas for industrial co-operation and the form they would like such co-operation to take. The efforts undertaken by the United Nations Conference on Trade and Development on tripartite co-operation between countries having different economic and social systems could lead to constructive proposals for the industrialization of developing countries.

6. Developed countries should, whenever possible, encourage their enterprises to participate in investment projects within the framework of the development plans and programmes of the developing countries which so desire; such participation should be carried out in accordance with the laws and regulations of the developing countries concerned.

7. A joint study should be undertaken by all Governments under the auspices of the United Nations Industrial Development Organization, in consultation with the Secretary-General of the United Nations Conference on Trade and Development, making full use of the knowledge, experience and capacity existing in the United Nations system of methods and mechanisms for diversified financial and technical co-operation which are geared to the special and changing requirements of international industrial co-operation, as well as of a general set of guidelines for bilateral industrial co-operation. A progress report on this study should be submitted to the General Assembly at its thirty-first session.

8. Special attention should be given to the particular problems in the industrialization of the least developed, land-locked and island developing countries - in order to put at their disposal those technical and financial resources as well as critical goods which need to be provided to them to enable them to overcome their specific problems and to play their due role in the world economy, warranted by their human and material resources.

9. The General Assembly endorses the recommendation of the Second General Conference of the United Nations Industrial Development Organization to convert that organization into a specialized agency and decides to establish an intergovernmental committee of the whole, including States which participated in the Second General Conference, to meet in Vienna to draw up a constitution for the United Nations Industrial Development Organization as a specialized agency, to be submitted to a conference of plenipotentiaries to be convened by the Secretary-General in the last quarter of 1976.

10. In view of the importance of the forthcoming World Employment Conference, Governments should undertake adequate preparations and consultations.

IV. FOOD AND AGRICULTURE

1. The solution to world food problems lies primarily in increasing rapidly food production in the developing countries. To this end, urgent and necessary changes in the pattern of world food production should be introduced and trade policy measures should be implemented, in order to obtain a notable increase in agricultural production and the export earnings of developing countries.

2. To achieve these objectives, it is essential that developed countries and developing countries in a position to do so should substantially increase the volume of assistance to developing countries for agriculture and food production, and that developed countries should effectively facilitate access to their markets for food and agricultural products of export interest to developing countries, both in raw and processed form, and adopt adjustment measures, where necessary.

3. Developing countries should accord high priority to agricultural and fisheries development, increase investment accordingly and adopt policies which give adequate incentives to agricultural producers. It is a responsibility of each State concerned, in accordance with its sovereign judgement and development plans and policies, to promote interaction between expansion of food production and

socio-economic reforms, with a view to achieving an integrated rural development. The further reduction of post-harvest food losses in developing countries should be undertaken as a matter of priority, with a view to reaching at least a 50 per cent reduction by 1985. All countries and competent international organizations should co-operate financially and technically in the effort to achieve this objective. Particular attention should be given to improvement in the systems of distribution of food-stuffs.

4. The Consultative Group on Food Production and Investment in Developing Countries should quickly identify developing countries having the potential for most rapid and efficient increase of food production, as well as the potential for rapid agricultural expansion in other developing countries, especially the countries with food deficits. Such an assessment would assist developed countries and the competent international organizations to concentrate resources for the rapid increase of agricultural production in the developing countries.

5. Developed countries should adopt policies aimed at ensuring a stable supply and sufficient quantity of fertilizers and other production inputs to developing countries at reasonable prices. They should also provide assistance to, and promote investments in, developing countries to improve the efficiency of their fertilizer and other agricultural input industries. Advantage should be taken of the mechanism provided by the International Fertilizer Supply Scheme.

6. In order to make additional resources available on concessional terms for agricultural development in developing countries, developed countries and developing countries in a position to do so should pledge, on a voluntary basis, substantial contributions to the proposed International Fund for Agricultural Development so as to enable it to come into being by the end of 1975, with initial resources of SDR 1,000 million. Thereafter, additional resources should be provided to the Fund on a continuing basis.

7. In view of the significant impact of basic and applied agricultural research on increasing the quantity and quality of food production, developed countries should support the expansion of the work of the existing international agricultural research centres. Through their bilateral programmes they should strengthen their links with these international research centres and with the national agricultural research centres in developing countries. With respect to the improvement of the productivity and competitiveness with synthetics of non-food agricultural and forestry products, research and technological assistance should be co-ordinated and financed through an appropriate mechanism.

8. In view of the importance of food aid as a transitional measure, all countries should accept both the principle of a minimum food aid target and the concept of forward planning of food aid. The target for the 1975-1976 season should be 10 million tons of food grains. They should also accept the principle that food aid should be channelled on the basis of objective assessment of requirements in the recipient countries. In this respect all countries are urged to participate in the Global Information and Early Warning System on Food and Agriculture.

9. Developed countries should increase the grant component of food aid, where food is not at present provided as grants, and should accept multilateral

channelling of these resources at an expanding rate. In providing food grains and financing on soft-terms to developing countries in need of such assistance, developed countries and the World Food Programme should take due account of the interests of the food-exporting developing countries and should ensure that such assistance includes, wherever possible, purchases of food from the food-exporting developing countries.

10. Developed countries and developing countries in a position to do so should provide food grains and financial assistance on most favourable terms to the most seriously affected countries, to enable them to meet their food and agricultural development requirements within the constraints of their balance-of-payments position. Donor countries should also provide aid on soft terms, in cash and in kind, through bilateral and multilateral channels, to enable the most seriously affected countries to obtain their estimated requirements of about 1 million tons of plant nutrients during 1975-1976.

11. Developed countries should carry out both their bilateral and multilateral food aid channelling in accordance with the procedures of the Principles of Surplus Disposal of the Food and Agriculture Organization of the United Nations so as to avoid causing undue fluctuations in market prices or the disruption of commercial markets for exports of interest to exporting developing countries.

12. All countries should subscribe to the International Undertaking on World Food Security. They should build up and maintain world food-grain reserves, to be held nationally or regionally and strategically located in developed and developing, importing and exporting countries, large enough to cover foreseeable major production shortfalls. Intensive work should be continued on a priority basis in the World Food Council and other appropriate forums in order to determine, inter alia, the size of the required reserve, taking into account among other things the proposal made at the current session that the components of wheat and rice in the total reserve should be 30 million tons. The World Food Council should report to the General Assembly on this matter at its thirty-first session. Developed countries should assist developing countries in their efforts to build up and maintain their agreed shares of such reserves. Pending the establishment of the world food-grain reserve, developed countries and developing countries in a position to do so should earmark stocks and/or funds to be placed at the disposal of the World Food Programme as an emergency reserve to strengthen the capacity of the Programme to deal with crisis situations in developing countries. The aim should be a target of not less than 500,000 tons.

13. Members of the General Assembly reaffirm their full support for the resolutions of the World Food Conference and call upon the World Food Council to monitor the implementation of the provisions under section V of the present resolution and to report to the General Assembly at its thirty-first session.

VI. CO-OPERATION AMONG DEVELOPING COUNTRIES

1. Developed countries and the United Nations system are urged to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation at subregional, regional and interregional levels. In this regard, suitable institutional arrangements within the United Nations development system should be made and, when appropriate, strengthened, such as those within the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and the United Nations Development Programme.

2. The Secretary-General, together with the relevant organizations of the United Nations system, is requested to continue to provide support to ongoing projects and activities, and to commission further studies through institutions in developing countries, which would take into account the material already available within the United Nations system, including in particular the regional commissions and the United Nations Conference on Trade and Development, and in accordance with existing subregional and regional arrangements. These further studies, which should be submitted to the General Assembly at its thirty-first session, should, as a first step, cover:

(a) Utilization of know-how, skills, natural resources, technology and funds available within developing countries for promotion of investments in industry, agriculture, transport and communications;

(b) Trade liberalization measures including payments and clearing arrangements, covering primary commodities, manufactured goods and services, such as banking, shipping, insurance and reinsurance;

(c) Transfer of technology.

3. These studies on co-operation among developing countries, together with other initiatives, would contribute to the evolution towards a system for the economic development of developing countries.

VII. RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE UNITED NATIONS SYSTEM

1. With a view to initiating the process of restructuring the United Nations system so as to make it more fully capable of dealing with problems of international economic co-operation and development in a comprehensive and effective manner, in pursuance of General Assembly resolutions 3172 (XXVIII) of 17 December 1973 and 3343 (XXIX) of 17 December 1974, and to make it more responsive to the requirements of the provisions of the Declaration and the Programme of Action on the Establishment of a New International Economic Order as well as those of the Charter of Economic Rights and Duties of States, an Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System, which shall be a committee of the whole of the General

Assembly open to the participation of all States, 7/ is hereby established to prepare detailed action proposals. The Ad Hoc Committee should start its work immediately and inform the General Assembly at its thirtieth session on the progress made, and submit its report to the Assembly at its thirty-first session, through the Economic and Social Council at its resumed session. The Ad Hoc Committee should take into account in its work, inter alia, the relevant proposals and documentation submitted in preparation for the seventh special session of the General Assembly pursuant to Assembly resolution 3343 (XXIX) and other relevant decisions, including the report of the Group of Experts on the Structure of the United Nations System, entitled A New United Nations Structure for Global Economic Co-operation, 8/ the records of the relevant deliberations of the Economic and Social Council, the Trade and Development Board, the Governing Council of the United Nations Development Programme and the seventh special session of the General Assembly, as well as the results of the forthcoming deliberations on institutional arrangements of the United Nations Conference on Trade and Development at its fourth session and of the Governing Council of the United Nations Environment Programme at its fourth session. All United Nations organs, including the regional commissions, as well as the specialized agencies and the International Atomic Energy Agency, are invited to participate at the executive level in the work of the Ad Hoc Committee and to respond to requests that the Committee may make to them for information, data or views.

2. The Economic and Social Council should meanwhile continue the process of rationalization and reform which it has undertaken in accordance with Council resolution 1768 (LIV) of 18 May 1973 and General Assembly resolution 3341 (XXIX) of 17 December 1974, and should take into full consideration those recommendations of the Ad Hoc Committee that fall within the scope of these resolutions at the latest at its resumed sixty-first session.

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7/ It is the understanding of the General Assembly that the "all States" formula will be applied in accordance with the established practice of the General Assembly.

8/ E/AC.62/9 (United Nations publication, Sales No. E.75.II.A.7).

APPENDIX (iii)

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NOTE: This list of books is provided for persons wishing to do further reading on the topics of this Report. It is arranged by subject corresponding to the chapters of this Report and includes the most important recent publications of the panel participants at the Forum.

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APPENDIX (iv)

List of Abbreviations and Terms

ACAST	Advisory Committee on the Application of Science and Technology to Development
ACC	Administrative Committee on Coordination
ACP	Africa, Caribbean and Pacific
CESI	Centre for Economic and Social Information
CCFPI	Consultative Group on Food Production and Investment
CMEA	Council for Mutual Economic Assistance
CSTD	Committee on Science and Technology for Development
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
ECWA	Economic Commission for Western Asia
ECOSOC	Economic and Social Council
EEC	European Economic Community
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization
GATT	General Agreement on Trade and Tariffs
GNP	Gross National Product
Group of 77	Common term for developing countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDS	International Development Strategy
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
IADB	Inter-American Development Bank
LAFTA	Latin American Free Trade Association
LDCs	Less Developed Countries
NGO	Non-Governmental Organization
NIEO	New International Economic Order
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
SAC	Scientific Advisory Committee
SDR	Special Drawing Rights
UNCTAD	UN Conference on Trade and Development

UNDP	UN Development Programme
UNEP	UN Environment Programme
UNESCO	UN Educational, Scientific and Cultural Organization
UNGASS	UN General Assembly Special Session
UNIDO	UN Industrial Development Organization
WFC	World Food Conference
WFC	World Food Council
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
World Bank	Common name for IBRD

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